



Local Programs Procedures

LPP 05-03 Manual Update

Subject: Elimination of Certification Acceptance, Exempt and Non-Exempt, FCR, TSM, SLTPP, and Other Changes

Reference: *Local Assistance Procedures Manual (LAPM)*, Chapter 1, *Introduction and Overview*, Chapter 2, *Roles and Responsibilities*, Chapter 4, *Agreements*, Chapter 15, *Advertise and Award Project*, Chapter 16, *Administer Construction Contracts*, Chapter 17, *Project Completion*, Chapter 20, *Deficiencies and Sanctions*, and *Local Assistance Program Guidelines (LAPG)*, Chapter 1, *Introduction/Overview*, Chapter 11, *Emergency Relief Program*, Chapter 12, *Other Federal Programs*, and Chapter 24, *Safe Routes to School*

Effective Date: November 23, 2005

Approved: **Original Signed By**
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WHAT IS AN LPP

LPP's are Local Programs Procedures. These documents are used for the rapid deployment of new procedures and policies between updates of Local Assistance manual, guidelines and programs. They are numbered according to calendar year and order in which released. This is the 3rd LPP issued in 2005 hence; it is LPP 05-03.

PURPOSE

The purpose of this LPP is to revise various parts of the LAPM and LAPG relating to Certification Acceptance. Projects previously under the Certification Acceptance are now under State-Authorized. Under the present Stewardship Agreement, the terms "Exempt" and Non-Exempt" were eliminated and replaced with "State-Authorized" and "Full Oversight." These changes are made in conformance with the Stewardship Agreement and to avoid misinterpretation.

The Transportation Enhancement Activities (TEA) Program is no longer applicable and has been replaced with the term Transportation Enhancements (TE). The federal Transportation Enhancements (TE) funds will continue to be programmed in the STIP. State and Local Partnership Program (SLTPP), Flexible Congestion Relief (FCR) and Traffic System Management Program (TSM), TSM Match Funds were terminated by SB 45 and are being removed to reflect the changes. Other minor administrative changes have also been made.

BACKGROUND

Caltrans and FHWA signed a Stewardship Agreement on May 12, 1992, pursuant to Title 23 USC, Section 106 (c), which delegated authority and oversight for non-Interstate NHS and Non-NHS projects. This agreement was revised and reissued on December 26, 2002, to include Intelligent Transportation Systems (ITS), which was a major regulation issue.

PREVIOUS PROCEDURES

Previously, federal-aid projects on the Interstate, with some exceptions, were considered to be Non-Exempt Projects from FHWA Oversight, whereas federal-aid projects off the Interstate, with some exemptions, were considered to be Exempt Projects.

NEW PROCEDURES

Projects previously under Certification Acceptance and referred to as “Exempt” are now referred to as “State-Authorized.” NHS projects on the interstate, which were previously referred to as “Non-Exempt” are now referred to as “Full Oversight” projects.



USER-FRIENDLY FEATURES

- These new procedures are incorporated in the electronic version of the LAPG and LAPM that are available at the Division of Local Assistance Home page on the Internet at: <http://www.dot.ca.gov/hq/LocalPrograms/>. Once there, click on “Publications” and then click on <http://www.dot.ca.gov/hq/LocalPrograms/lam/lapg.htm> for “Local Assistance Program Guidelines” or <http://www.dot.ca.gov/hq/LocalPrograms/lam/lapm.htm> for “Local Assistance Procedures Manual.” You may also purchase a Compact Disc (CD), which acts as a one-stop shop for information and promotes flexible access to helpful information for local project delivery at: <http://www.dot.ca.gov/hq/LocalPrograms/lam/LApubsCD.htm>
- Additional user-friendly features were developed to make the manual easier to edit and to access on the DLA website. The added features will allow the users to navigate more quickly through the manual. Chapter formatting has been changed to enhance user-friendliness and reduce overall document size. Internal bookmarks allow for direct access to chapters and subheadings from the table of contents. Right justification has been

eliminated, resulting in tighter text, more compact paragraphs, and an overall reduced chapter size.

- Chapters 1, 2, and 20 of the LAPM and Chapter 1 of the LAPG have been reissued in their entirety. The affected pages of Chapters 1, 2, 4, 7, 12, 15, 16, 17, and 20 of the LAPM and Chapters 1, 11 and 12, 24 of the LAPG are indicated with sidebars and can be easily inserted into the existing hard copies of the LAPM and LAPG.
- To receive an electronic notification when new information (including new LPPs) are posted on the DLA web site, please subscribe to the DLA list server at:
<http://www.dot.ca.gov/hq/LocalPrograms/sub.htm>
- Comments and suggestions for improvement to the manual, processes and procedures are welcome. They may be submitted to:

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Division of Local Assistance, MS 1
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SUMMARY OF CHANGES

LAPM Item	Change
Chapter 1 Section 1.2 (Background) page 1-1	Third paragraph established the acronym (LAPG) for <i>Local Assistance Program Guidelines</i> .
Section 1.3 Related Manuals) page 1-1, 2	<p>Second paragraph corrected “Local Programs Manual Volume III” to “Standard Environmental Reference (SER)” and added “...<i>CEQA/NEPA</i> ...”</p> <p>The paragraph referring to “Procedures Manual for Special Funded Programs” has been deleted, as it is no longer being used.</p> <p>Third paragraph established the acronym (SHS) for State Highway System and added “...<i>all applicable Caltrans manuals and guidelines</i>...”</p> <p>Third paragraph corrected “...Caltrans Local Program guidebooks...” to “...LAPG...”</p> <p>Last paragraph corrected Local Programs Home Page to Local Assistance Home Page as well as the website to: http://www.dot.ca.gov/hq/LocalPrograms/index.htm</p>

Section 1.4 (Terms and Definitions) page 1-2 thru 8	Rearranged the words alphabetically, added new terms and corrected some of the definitions of terms in the list. All references to Flexible Congestion Relief (FCR), Transportation Management (TSM) and State Local Transportation Partnership (SLTPP) were deleted.
Section 1.5 (Manual Organization) page 1-9, 10	References to FCR and TSM were deleted. Established the acronym (LAPG). Spelled out Chapter titles. Established the acronym (PS&E).
Section 1.6 (Manual Updates) page 1-10	Reference to DLA Home page was deleted since this was already referenced in Section 1.2. This website was added for direct access to the manuals: http://www.dot.ca.gov/hq/LocalPrograms/public.htm . Updated the address for the Division of Local Assistance, Office of Procedures Development and Training.
Flow-Chart 1-1 page 1-11	Deleted references to FCR and TSM. Corrected the acronym “ <i>TEA</i> ” to “ <i>TE</i> .”
Flow Chart 1-2 page 1-13	Deleted references to FCR, TSM and SLTPP.
Chapter 2 Table of Contents	Updated the Table of Contents to reflect changes.
Section 2.1 (Introduction) page 2-1	Under “ <i>Introduction</i> ,” changed “ <i>Design and Local Programs</i> ” to “ <i>Planning and Modal Programs</i> ”. Added the title of the exhibit mentioned. Under “ <i>Federal-aid Projects</i> ” the following changes were made: <ul style="list-style-type: none">• 1st paragraph added “...and/or approval action...”• 2nd paragraph replaced “... responsibility...” with “...accountability...” Also added at the end of this paragraph “ <i>Caltrans has the ultimate responsibility to ensure ...</i> ”
Section 2.3 (State-Authorized Projects) page 2-2	Former Section “ <i>Certification Acceptance</i> ” was revised to “ <i>State-Authorized Projects</i> .”
Section 2.4 (Stewardship-Letters of Agreement) page 2-3	This Section was revised to incorporate 3R projects. Deleted references to “ <i>Certification Acceptance</i> ” and “ <i>Exempt</i> .”
Figure 2-1 FHWA Oversight page 2-4	Revised the Flowchart to eliminate references to “ <i>exempt/non-exempt</i> ” and replaced with “ <i>State-authorized</i> ” and “ <i>Full Oversight</i> .”

Section 2.5 (Right of Way Certification Delegation) page 2-5	Reference to “ <i>exempt</i> ” was changed to “ <i>State-Authorized.</i> ”
Section 2.6 (Reengineering of Local Assistance Procedures) page 2-5, 6	<p>All references to “<i>Exempt/Non-Exempt</i>” in this section were changed to either “<i>State-Authorized</i>” or “<i>Full Oversight.</i>”</p> <p>Deleted reference to “<i>Certification Acceptance.</i>”</p> <p>Under “<i>Field Reviews</i>” last sentence was revised the to say “ <i>All projects on the Interstate and... </i>”</p> <p>Under “<i>PS&E Procedures For Major NHS Projects</i>” added in last sentence “<i>... on the Interstate, SHS, or...</i>”</p> <p>Under “<i>Design Standards</i>” spelled out the acronym (AASHTO) and revised the last sentence to say “ <i>... Caltrans may approve exceptions...</i>”</p>
Section 2.7 (FHWA Res- ponsibilities) page 2-6,7	<p>Added in the 1st paragraph “<i>NOTE: For any new/revised Interstate access (regardless of funding), FHWA...</i>”</p> <p>Under “<i>Project Implementation</i>” made changes to activities for which FHWA is responsible for.</p> <p>Deleted reference to “<i>Certificate of Acceptance.</i>”</p> <p>Revised the section on “<i>Oversight.</i>”</p>
Section 2.8 (Caltrans Responsibili- ties) page 2-8	Reference to “ <i>exempt</i> ” was changed to “ <i>State-Authorized.</i> ”
Section 2.9 (City, County and Other Local Public Agency Responsibili- ties) page 2-10	<p>Under “<i>Project Implementation</i>” added “<i>right of way</i>” in the first paragraph, as part of the local agency’s responsibilities of projects in their local transportation system.</p> <p>In the 3rd paragraph deleted “<i>...full....</i>” as part of the delegated decision-making and responsibility of the local agency.</p> <p>All references to “<i>exempt</i>” and “<i>non-exempt</i>” in this section were changed to either “<i>State-authorized</i>” or “<i>Full Oversight.</i>”</p>
Section 2.10 (California Transportation Commission) page 2-11	<p>References to “<i>Transportation Enhancement Activities (TEA)</i>” in this Section were changed to “<i>Transportation Enhancements (TE).</i>”</p> <p>References to “<i>FCR, TSM</i>” in this Section were deleted.</p>
Exhibit 2-A page 2-13	Updated the Caltrans District Local Assistance Offices mailing addresses.

Exhibit 2-B page 2-15 thru 19	References to “ <i>exempt</i> ” in the exhibit were changed to “ <i>State-Authorized</i> ”. Other changes were also made under the “Activity” and “Projects on the National Highway System (NHS) (Excluding Interstate)” Columns. Made changes to the footnotes.
Chapter 4 Exhibit 4-A page 4-9	Deleted references to “ <i>TSM</i> ” and changed “ <i>TEA</i> ” to “ <i>TE</i> ” in the exhibit.
Chapter 15 Section 15.1 (Introduction) page 15-2	Spelled out Chapter titles. Deleted the note that referenced the Special Funded Programs-Procedures Manual.
Section 15.2 (Definition of Terms) page 15- 2 thru 5	New terms were added and some definitions were revised.
Section 15.4 (Project Advertisement) page 15-7	Reference to “ <i>non-exempt</i> ” in this section was changed to “ <i>Full Oversight</i> .” Under “ <i>Procedures</i> ” corrected, “ <i>Exhibit 12-A</i> ” to “ <i>Exhibit 12-C</i> .”
Section 15.6 (Contract Award) page 15-14	Reference to “ <i>non-exempt</i> ” was changed to “ <i>Full Oversight</i> .”
Exhibit 15-A page 15-17, 18	Reference to “ <i>non-exempt</i> ” was changed to “ <i>Full Oversight</i> ”. Added “ <i>Distribution</i> ” at the end of the exhibit.
Exhibit 15-I page 15-35	Changed the distribution instruction at the end of the exhibit.
Chapter 16 Section 16.1 (Introduction) page 16-1, 2	Spelled out Chapter titles. Spelled out the acronym (DLAE).
Section 16.2 (Definitions of Terms) page 16-3, 4	Under the “Definition of Terms” new terms were added to the list. Some definitions were revised.
Section 16.3 (Project Supervision and Inspection) page 16-5	Reference to “ <i>Exempt Project</i> ” in this Section was changed to “ <i>State-Authorized</i> .” Spelled out the Chapter title “ <i>PS&E</i> .”

Section 16.14 (Quality Assurance Program) page 16-33	Deleted the name “ <i>Rich Spring</i> ” under bullet item no. 19. Changed “ <i>OLP</i> ” to “ <i>DLA</i> ” in the Flowchart “ <i>Source Inspection Procedures.</i> ”
Section 16.15 (Contract Claims) page 16-43	Deleted reference to “ <i>FCR</i> ” under “ <i>Additional Funds.</i> ” Added the acronym (LAPG).
Exhibit 16-W, page 16-111	Deleted the name of “ <i>Rich Spring</i> ” in the address portion of the Memo.
Chapter 17 Table of Contents	Updated the Table of Contents to reflect changes.
Section 17.1 (Introduction) page 17-1, 2	Spelled out Chapter titles.
Section 17.2 (Definition of Terms) page 17-1, 2	Under the “ <i>Definition of Terms,</i> ” new terms were added to the list and some definitions were revised.
Section 17.3 (Final Inspection Procedures for Federal-Aid Projects) page 17-3, 4	<p>Former Section title was changed from “<i>Project Exempt From FHWA Oversight (Non-NHS and NHS That Are 3R or <\$1Million)</i>” to “<i>State-Authorized Projects.</i>”</p> <p>Made minor revisions to the sections “Final Inspection by Local Agency” and “<i>Project Verification by DLAE.</i>”</p> <p>All references to “<i>exempt/nonexempt</i>” were changed to “<i>State-Authorized/Full Oversight.</i>”</p> <p>Former Section title was changed from “<i>Projects Not Exempt From FHWA Oversight (New or Reconstruction >-\$1 Million)</i>” to “<i>FHWA Full Oversight Projects (New Or Reconstruction >\$1 MILLION).</i>” The following revisions were made in this Section:</p> <ul style="list-style-type: none">• All references to “<i>exempt/nonexempt</i>” were changed to “<i>State-Authorized/Full Oversight.</i>”• Form FIF-8/97 was changed to Form FIF – 6/05• References to DLAE were changed to Caltrans Oversight Engineer (OSE).• Revised the Final Inspection by FHWA

Section 17.5 (Report of Expenditures) page 17-5 thru 7	<p>Under “<i>Federal-aid Projects</i>,” the following changes were made:</p> <ul style="list-style-type: none">• Added Oversight Engineer (SHS projects) as alternative signatory to the Final Inspection Form FIF-6/05.• Reference to “<i>non-exempt</i>” in this section was changed to “<i>Full Oversight</i>”.• Corrected the chapter title in the 6th bullet.• Revised last sentence of the 8th bullet.• “<i>OLP</i>” was changed to “<i>DLA</i>” in the 9th bullet. <p>Under the heading “<i>State Funded Projects</i>,” following changes were made:</p> <ul style="list-style-type: none">• Deleted references to “<i>Traffic Systems Management (TSM)</i>,” “<i>Flexible Congestion Relief (FCR)</i>,” and “<i>State/Local Transportation Partnership Program (SLTPP)</i>.”
Section 17-7 (References) page 17-8	Added FHWA websites.
Exhibit 17-A page 17-11	Check mark under “Report of Expenditures Checklist,” reference to “ <i>exempt</i> ” was changed to “ <i>State-Authorized</i> .”
Exhibit 17-B page 17-13	Changed “ <i>OLP</i> ” to “ <i>DLA</i> ” in the Distribution.
Exhibit 17-C page 17-15	<p>Reference to “<i>OLP</i>” was changed to “<i>DLA</i>.”</p> <p>Reference to “<i>Exempt</i>” or “<i>Non-Exempt</i>” were changed to “<i>State-Authorized</i>” or “<i>Full Oversight</i>.”</p> <p>Signatory to Project Verification was revised.</p>
Exhibit 17-L page 17-38	Under Item B. <i>Chronological Statement</i> , added item list no.1. “ <i>Date of approved Public Interest Finding (attached) 1/15/91.</i> ”
Exhibit 17-M page 17-39	Reference to “ <i>FCR</i> ” and “ <i>TSM</i> ” were deleted.
Section 20.1 (Introduction) page 20-1	<p>Reference to Local Assistance Procedures (LAPM) was added in the 1st paragraph.</p> <p>Established the acronym “<i>DLAEs</i>” in the 2nd paragraph.</p> <p>Established the acronym (LAPG) and changed the “<i>Local Assistance Environmental Manual</i>” to “<i>Standard Environmental Reference (SER)</i>” in the 3rd paragraph.</p>

Section 20.2 (Deficiencies) pages 20-1 thru 6	<p>Corrected and spelled out the Chapter titles that was referenced in this Section.</p> <p>Under “<i>Examples of some of the most common procedural deficiencies (found by Caltrans) are:</i>” made the following changes:</p> <ul style="list-style-type: none"> • Established the acronym (ER). • Spelled out the acronym (DBE). <p>Under “<i>Examples of some of most common (found by Caltrans and FHWA) of Major Project Deficiencies (federal) of the section “Major Project Deficiency,”</i>” the following changes were made:</p> <ul style="list-style-type: none"> • Added “...partial...” to the bullet item referring to failure in the submission of Material Certificate. <p>Under “<i>Example of some of most common (found by Caltrans) Major Project Deficiencies (State) are:</i>” of the section “Major Project Deficiency,” added bullet referencing the Environmental Enhancement and Mitigation (EEM) Projects.</p> <p>Under “<i>Some of most common examples (found by Caltrans) of Unrecoverable Project Deficiencies (State) are</i>” of the section “Unrecoverable Project Deficiency,” deleted references to TMS, FCR, and SLTPP.</p>
Section 20.4 (Local Assistance Dispute Resolution Process) page 20-7	<p>Established the acronym (SHS).</p> <p>Reference to “SLTPP” was deleted.</p> <p>Corrected the acronym “TEA” to “TE.”</p>
LAPG Item	Change
Chapter 1 Section 1.1 (Purpose) page 1-1	<p>Included the title of the exhibits mentioned in the 3rd and 4th paragraph.</p>
Section 1-3 (Roles of the Local and Regional Agencies) page 1-2, 3	<p>Established the acronym (FTIP).</p> <p>Under “FTIP” and “Regional-Metropolitan Planning Organization (MPO),” the number of number of MPOs was changed from 16 to 18.</p>

Section 1-4 (Federal Programs) page 1-4	<p>Spelled out the chapter titles that were referenced in this Section.</p> <p><i>“Railroad-Highway Crossing Improvements”</i> and <i>“Chapter 10 ”</i> were deleted in this Section.</p> <p>Corrected <i>“Transportation Enhancement Activities (TEA)”</i> to <i>“Transportation Enhancements (TE).”</i></p>
Section 1-5 (State Programs) page 1-5, 6	<p>Deleted the following programs in the fourth paragraph:</p> <ul style="list-style-type: none">• Optional Exchange and State Match Program• Highway-Railroad Grade Separation Program• Proposition 116 Improvements• Petroleum Violation Escrow Account <p>Corrected <i>“Transportation Enhancement Activities (TEA)”</i> to <i>“Transportation Enhancements (TE).”</i></p> <p>Spelled out the Chapter title in this Section.</p> <p>Added the title of Exhibit 1-D.</p>
Exhibit 1-A page 1-7	<p>The following revisions were made in the exhibit:</p> <ul style="list-style-type: none">• Corrected <i>“Transportation Enhancement Activities”</i> to <i>“Transportation Enhancements.”</i>• Deleted <i>“Petroleum Violation Escrow Account”</i> and <i>“Highway-Railroad Grade Crossing Projects.”</i> Highway-Railroad Grade Separation Program is now administered by the Division of Rail. For information, you can contact Division of Rail or go to this website at: http://www.dot.ca.gov/hq/rail/dorwebsite/dorindex.htm
Exhibit 1-B page 1-9	<p>The following revisions were made in the exhibit:</p> <ul style="list-style-type: none">• Changed <i>“Transportation Enhancement Activities”</i> to <i>“Transportation Enhancements.”</i>• Added Chapter 10 <i>Traffic Congestion Relief Program</i>• Deleted the following programs: <i>Highway-Railroad Grade Crossing Projects, Federal Congestion Relief (FCR), State/Local Transportation Partnership Program (SLTPP), Traffic Systems Management (TSM), TSM Match Funds, Optional Exchange State Match Program, Proposition 116 Improvements, Pedestrian Safety Program, and Petroleum Escrow Account.</i>• Corrected the Chapter Numbers referring to the Programs under the column <i>“Chapter”</i>.• Deleted <i>“TEA”</i> under <i>“Eligible Uses of Funds for Optional Federal Exchange and State Match Programs.”</i>

Exhibit 1-C page 1-11	Updated the MPO and RTPA Map.
Exhibit 1-D page 1-13	Updated the mailing addresses of the District Local Assistance Offices.
Chapter 11 Table of Contents	Updated Table of Contents on the changes made.
Chapter 11 (Flowchart) page 11-1	References to “ <i>Exempt/Non-Exempt</i> ” in the flowchart were replaced with “ <i>State-Authorized/Full Oversight</i> ”.
Section 11-2 (Initial Departmental Actions) page 11-4	<p>The following changes were made in the 2nd paragraph:</p> <ul style="list-style-type: none"> • Changed “<i>Office of Local Assistance</i>” to “<i>Division of Local Assistance.</i>” • Also 2nd to last sentence, added “...(emergency opening [EO] and/or permanent restoration [PR])...” • Website was added in the last sentence “<i>Refer to Caltrans Transportation Planning website for functional classification maps at: http://www.dot.ca.gov/hq/tsip/TSIPGSC/library/libdatalist.htm#roadbase</i>” <p>Changed “<i>OLP</i>” to “<i>DLA</i>” in the 3rd paragraph.</p> <p>Established the acronym (LAPG) in the 4th paragraph.</p>
Section 11.4 (Emergency Relief (ER) Program) page 11-11, 12	<p>First sentence of the 2nd paragraph under “Expediting Emergency Relief Projects”, added “... following the “<i>federal fiscal....</i>”</p> <p>Following changes were made on the checklist of the Sequence of ER Actions to be Performed:</p> <ul style="list-style-type: none"> • References to “<i>Certification Acceptance</i>” were deleted. • References to “<i>Exempt/Non-Exempt</i>” were changed to “<i>State-Authorized/Full Oversight.</i>” • References to “<i>OLP</i>” were changed to “<i>DLA.</i>” • Item no. 1 and no. 2 added “...opening (EO)...”Reference to Section 2.3 was corrected. Included as additional reference on the “<i>Note: ... 2.4 Stewardship-Letters for Agreement.</i>” • Item No. 4 added “...for EO and/or PR as applicable. <i>Note: All PR work...</i>” • Spelled out Chapter titles • Other steps were deleted.

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Section 11.6 (California Natural Disaster Assistance Act (NDAA) page 11-18	Changed the exhibit title.
Exhibit 11-H page 11-39	Updated the mailing addresses of the District Local Assistance Offices.
Chapter 12 Exhibit 12-D1 and D2 page 55, 57	Changed “ <i>Exempt/Non-Exempt</i> ” to “ <i>State-Authorized/Full Oversight.</i> ”
Chapter 24 Exhibit 24-C page 24-19	Updated Caltrans District Local Assistance Offices.

CHAPTER 1 INTRODUCTION AND OVERVIEW

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CHAPTER 1 INTRODUCTION AND OVERVIEW

1.1 PURPOSE

This Procedures Manual has been prepared to aid California local agencies scope, organize, design, construct and maintain their public transportation facilities when they seek Federal Highway Administration (FHWA) funded federal-aid or state funding. The manual describes the processes, procedures, documents, authorizations, approvals and certifications, which are required in order to receive federal-aid and/or state funds for many types of local transportation projects.

1.2 BACKGROUND

The manual is a compilation and summary of information from many sources including federal and state law, regulations, guidelines and operating practices. It reflects the procedures and practices developed over many years of providing federal-aid funding and state funding for local projects. These practices and procedures have been modified many times, most recently for changes made by the 1991 Intermodal Surface Transportation Efficiency Act (ISTEA), SB 300/AB 471 (the 1989 State Transportation blueprint legislation), and the 1995 Caltrans reengineering of the local assistance procedures.

The general thrust of the changes under the above legislation and reengineering has been to provide the local agency with broad delegation, latitude and responsibility for developing its projects. However, under Title 23, United States Code, Caltrans is responsible for the administration of federal-aid (FHWA funded) transportation projects in California and cannot delegate this overall administrative responsibility.

This manual in conjunction with the *Local Assistance Program Guidelines* (LAPG), supersedes the *Local Programs Manual: Volume I, Project Processing Procedures*, and Volume II, *Contract Administration Procedures*.

1.3 RELATED MANUALS

The LAPG describes each of the federal-aid and state-aid local assistance programs and the requirements for obtaining project funding for these individual programs.

The *Standard Environmental Reference* (SER) provides technical details for specific actions or activities required for the environmental CEQA/NEPA process.

For local agency projects on the State Highway System (SHS), all applicable Caltrans manuals and guidelines shall be used. These describe the process and procedures for developing state system projects. These also contain discussions of the regional and state planning and programming processes.

The LAPG provides brief overviews of a specific program or project development phase or procedure. It is a good quick reference and will be updated to conform to this manual. If there are conflicts between the practices shown in the guidebooks and this manual, this manual shall prevail.

Other state and federal manuals and documents, including those noted as references, should be consulted for specific guidance in developing a project. Pertinent documents can be accessed through the Local Assistance Home Page on the Internet at:
<http://www.dot.ca.gov/hq/LocalPrograms/index.html>

1.4 TERMS AND DEFINITIONS

- Administering Agency - The state or a city, county, other public agency, or nonprofit organizations, that advertises, opens bids, awards and administers the contract. They are frequently called local agency or agency and were previously called responsible agency.
- Affected Environment - The physical features, land, area, or areas to be influenced, or impacted, by an alternative alignment under consideration. This term also includes various social and environmental factors and conditions pertinent to an area.
- Affecting - Means will or may have an effect [or impact].
- Alternative - One of a number of specific transportation improvement proposals, alignments, options, design choices, etc., in a defined study area. For a transportation project, alternatives to be studied normally include the no-action alternative, an upgrading of the existing roadway alternative, new transportation routes and locations, transportation systems management strategies, multi-modal alternatives, if warranted, and any combinations of the above.
- Avoidance Alternative - A general term used to refer to any alignment proposal, which has been either developed, modified, shifted, or downsized to specifically avoid impacting one or more resources.
- California Environmental Quality Act (CEQA) regulations - Directives issued by the Federal Council on Environmental Quality, published in 40 CFR 1500-1508, which governs the implementation of NEPA and the development and issuance of environmental policy and procedure for federal actions by public agencies. The regulations contain definitions, spell out applicability and responsibilities, and mandate certain processes and procedures for state agencies with programs, which utilize federal aid funds.
- Categorical Exclusion (CE) - A classification given to federal-aid projects or actions which do not individually or cumulatively have a significant effect on the human environment and which have been found to have no such effect in procedures adopted by a federal agency in implementation of these regulations and for which, therefore, neither an environmental assessment nor an environmental impact statement is required. Categorical Exclusions do not require extensive levels of environmental documentation.
- Categorical Exemption/Categorical Exclusion/Programmatic Categorical Exclusion (CE/CE/PCE) Form - Joint state/local form used to document CEQA Categorical Exemptions (CEs) and NEPA Categorical Exclusions (CEs) and Programmatic Categorical Exclusions (PCEs) for state transportation projects or NEPA CE and PCEs for local federal-aid transportation projects "off" the State Highway System. Form is not used to document a local agency CEQA CE.

- Construction (Const.)/Construction Engineering (CE) - This phase includes the work of project advertising¹ through construction, preparation of as built plans, final estimates, and payments. This phase must be authorized prior to advertising, and CE must be separately identified in this authorization.
- Construction Phase - The phase of the transportation project development process that involves the physical act of building by a contractor the proposed project to all plans and specifications developed during final design.
- Consultant - A private individual, corporation, or other business organization that may be selected to provide architectural, engineering, environmental, or other related technical services for a local agency project.
- Cumulative Impact - Cumulative impact is the impact on the environment, which results from the incremental impact of the action when added to other past, present, and reasonably foreseeable future actions regardless of what agency (federal or non-federal) or person undertakes such other actions. Cumulative impacts can result from individually minor but collectively significant actions taking place over a period of time.
- Department of Transportation - The Department of Transportation of the State of California, as created by law; also referred to as the Department, State, or Caltrans.
- Direct Effects - Effects caused by a given action and occurring at the same time and place. Changes in noise levels, fill discharges in wetlands, and changes in visual conditions are some examples of direct effects.
- District - A subdivision of the Department organized to administer the affairs of the Department for a specific geographical area and for the local agencies in that area (see Exhibit 2-A of the LAPM).
- DLA - Division of Local Assistance. The office in Caltrans headquarters that is responsible for administering, managing, and implementing the federal-aid highway and state local assistance programs.
- DLAE - The District Local Assistance Engineer, the individual in each district responsible for providing services and assistance to the local agencies.
- Early Coordination - Communication undertaken near the beginning of the transportation project development process to exchange information and work cooperatively with agencies and the public in an effort to determine the type and scope of studies, the level of analysis, and related study requirements.
- Effects - Includes: (a) Direct effects that are caused by the action and occur at the same time and place, (b) Indirect effects that are caused by the action and are later in time or farther removed in distance, but are still reasonably foreseeable. The terms "effect" and "impact" are synonymous under NEPA. Effects include ecological, aesthetic, historic, cultural, economic, social, or health, whether direct, indirect, or cumulative.
- Environment - The complex of social, natural, and cultural condition, which are present in the physical surroundings.

¹ CE includes advertising only if not included in PE phase and only after the construction authorization date.

- Environmental Assessment (EA) - A document prepared for federal NEPA actions which are not categorical exclusions and which do not clearly require an EIS. An environmental assessment provides the analysis and documentation to determine if an EIS or a Finding of No Significant Impact (FONSI) should be prepared.
- Environmental Impact Statement (EIS) - A detailed written statement as required by Section 102(2)(C) of NEPA.
- Federal-aid - As used in this manual, refers to federal funds provided for the development of surface transportation and administered by the FHWA. Generally, these funds are derived from the Intermodal Surface Transportation Efficiency Act of 1991, Title 1, Surface Transportation. It also includes FHWA administered funds from previous acts frequently titled Highway Acts.
- FHWA - Federal Highway Administration, the federal agency responsible for administering the Federal-aid Highway Program.
- Field Review - A general term to describe a site visit for the purpose of gathering or verifying data, defining scopes of work, performing analyses, and making decisions for specific projects.
- Final Design Phase - The phase of the transportation project development process, which involves the preparation of detailed, working drawings, as well as specifications and estimates for approved transportation projects.
- Finding of No Significant Impact (FONSI) - A document by a federal agency that briefly presents the reasons why an action, not otherwise excluded (§ 1508.4) will not have a significant effect on the human environment and for which an environmental impact statement therefore will not be prepared. It shall include the environmental assessment or a summary of it and shall note any other environmental documents related to it (§ 1501.7(a)(5)). If the assessment is included, the finding need not repeat any of the discussion in the assessment but may incorporate it by reference.
- FTIP - Federal Transportation Improvement Program, a three-year list of all transportation projects proposed for federal surface transportation funding within the planning area of one of the eighteen Metropolitan Planning Organizations (MPOs) in the state. These are only valid for reference when incorporated into the FSTIP and approved by FHWA/FTA (see Chapter 4 of the Caltrans *Project Development Procedures Manual* for more discussion).
- FSTIP - Federal Statewide Transportation Improvement Program, a three-year list of all state and local transportation projects proposed for federal surface transportation funding with the state. This is developed by Caltrans with cooperation of the MPOs and in consultation with the local non-urbanized government. The FSTIP includes the FTIPs, which are incorporated by reference and other rural federally funded projects. The FSTIP, including incorporated FTIPs is only valid for use after FHWA/FTA approval. See Chapter 4 of the Caltrans *Project Development Procedures Manual* for more discussion. Also see STIP below.
- FTA - Federal Transit Administration, the federal agency responsible for administering the federal transit program. Rules for the transit program are not covered in this manual (see Chapter 3, *Project Authorization*, Section 3.10 for procedures for transferring federal-aid funds from FHWA to FTA).

- Fully Funded – This is related to the NEPA document in which FHWA requires a project to be fully funded and shown in the applicable FTIP/RTP before it can approve the related NEPA document. Partial funding of a project may get their Preliminary Engineering (PE) started but the environmental NEPA document is not approvable without the total funding.
- Headquarters - The headquarters office of the Department located at 1120 “N” St., Sacramento, CA 95814.
- Impacts - A term to describe the positive or negative effects upon the natural, or human environment as a result of a specific project or projects.
- Independent Utility - The ability of a transportation improvement to be usable and be a reasonable expenditure even if no additional transportation improvements in the area are made.
- Indirect Effects - Effects caused by a given action, occurring later in time, or farther removed in distance but which are reasonably foreseeable. Induced changes to land use patterns, population density or growth rate are examples.
- ISTEA - Intermodal Surface Transportation Efficiency Act of 1991. ISTEA is an act signed by the President on December 18, 1991, providing authorizations for the next 6 years for highways, highway safety, and mass transportation. For definition of the various programs established by this act refer to the *Local Assistance Program Guidelines* (LAPG).
- Level-of-Service (LOS) - Also known, as “Traffic Service.” LOS is a qualitative measure describing operational conditions within a traffic stream. LOS is based on service measures such as speed and travel time, freedom to maneuver, traffic interruptions, comfort and convenience. LOS is also affected by conditions such as number of access points, lane width, number of lanes, and percentage of large vehicles. Six levels of service are defined by letter designations from A to F with LOS A representing the best operating conditions, and LOS F the worst.
- Local Agency - A California City, county, or other local public agency. In many instances this term is used loosely to include nonprofit organizations.
- Logical Termini - Features such as cross route locations that are considered rational end points for a transportation improvement and which serve to make it useable.
- Metropolitan Planning Organization (MPO) - Federally mandated regional organizations responsible for comprehensive transportation planning and programming for in urbanized areas. Work products include the Transportation Plan, the Transportation Improvement Program, and the Unified Planning Work Program.
- Mitigation Measures - Specific design commitments made during the environmental evaluation and study process, which serve to moderate or lessen impacts deriving from the proposed action. In accordance with CEQ, mitigation includes avoidance, minimization, rectification, reduction and compensation.
- National Environmental Policy Act (NEPA) - A national policy set for the protection of the natural environment and human health and welfare by promoting efforts to prevent or eliminate damage to the environment. From a transportation perspective, NEPA requires that alternatives be evaluated and decisions be made in the public’s best interest based on a balanced consideration of the need for safe and efficient transportation.

- New Location - An area, or an alignment, proposed for highway development that is not currently used for transportation purposes.
- NHS - National Highway System (see Chapter 2, *Roles and Responsibilities*, Section 2.2).
- No Action - An alternative that is used as the basis to measure the impacts and benefits of the preferred alternative(s) in an Environmental Assessment, or other NEPA action. It consists of the existing conditions on the roadway, plus any safety, or maintenance improvements, which have been identified in the CDOT 5-Year Transportation Improvement Program.
- No-Build Alternative - Normally includes short-term, minor restoration types of activities (e.g. safety and maintenance improvements) that maintain continuing operation of an existing facility. The no-build alternative serves as a baseline for the comparison of other alternatives.
- Notice of Intent (NOI) - A notice published in the Federal Register that an EIS will be prepared and considered. The notice shall briefly describe the proposed action and possible alternatives, describe the agency's proposed scoping process including whether, when, and where any scoping meetings will be held, and state the name and address of a person within the agency who can answer questions about the proposed action and the EIS.
- Permit - Written permission given by a governmental agency to take certain action during specific steps of the transportation project development process. Permits may include permission for any construction, excavation, depositing of material, or other work in navigable waters (Corps of Engineers), permission required for the discharge of dredged, or fill material into waters of the United States (Corps of Engineers), and permission to construct bridges, causeways, and drawbridges in navigable waters (U.S. Coast Guard). A permit may also refer certain other clearances or certifications such as a clearance from the Federal Aviation Administration for proposed highway construction in the vicinity of public use and military airports, and water quality certifications for the licensing of an action that would result in a discharge into regulated waters. These approvals, plus certain others relating to solid waste management, underground storage tanks, coastal zone areas, etc., involve approvals, and documentation commonly referred to as permits.
- Phase - For the purposes of federal-aid authorization, the development of a project is broken into stages or phases: Preliminary Engineering, Right of Way and Construction. Each of these phases must be individually authorized, usually at different times in the development of a project.
- Preliminary Engineering (PE) - This phase includes all project initiation and development activities undertaken after its inclusion in the approved FSTIP through the completion of PS&E. It may include preliminary Right of Way engineering and investigations necessary to complete the environmental document.
- Programmatic Categorical Exclusion (PCE) Agreement - An agreement between FHWA and Caltrans that provides for Caltrans determination, and that conditions of the agreement have been met when the action meets the criteria for a CE, and satisfies all conditions of the PCE.

- Project Development - The overall process of advancing a transportation project from concept to implementation. Project development typically encompasses environmental and engineering tasks including planning, location, preliminary design, final design, and construction.
- Project Need - A detailed explanation of the specific transportation problems, or deficiencies, which have generated the search for improvements. It should refer to technical information, as necessary, such as measures of traffic efficiency, or demand (origin-destination patterns, modal links, queue lengths, motorist delays, level of service, etc.), and other goals (economic development, safety improvement, legislative directives, etc.). Much of this information should be generated by the transportation planning process at a very early stage. The explanation of need should be a problem statement discussion, not a solution oriented discussion.
- Project Purpose - A broad statement of the overall intended objective to be achieved by a proposed transportation facility. Normally, the purpose can be defined in just a few sentences. For instance, it may address expanded capacity in a given transportation corridor to facilitate the safe and efficient movement of people and goods, or improved access to a given area or community.
- Public Hearing - A meeting designed to afford the public the fullest opportunity to express opinions on a transportation project. A verbatim record (transcript) of the proceedings is made part of the project record.
- Public Involvement - These activities, which present information to the public, seek public comments, and which serve to ensure consideration of public opinion.
- Public Meeting - An announced meeting conducted by transportation officials designed to facilitate participation in the decision-making process and to assist the public in gaining an informed view of a proposed project at any level of the transportation project development process. Also, such a gathering may be referred to as a public information meeting.
- Record of Decision (ROD) - The document for the Environmental Impact Statement (EIS).
- Record Retention – Project records shall be kept for **at least 3 years** after FHWA's final payment of the final voucher, per 49 CFR, Part 18.
- Right of Way (R/W) - This phase includes the work necessary to appraise and acquire project right of way, relocate individuals or businesses, and revise or relocate utilities.
- S&H Code - California Streets and Highways Code, this code contains many of the laws governing funding and development of local streets and roads projects.
- Scope - Scope consists of the range of actions, alternatives, and impacts to be considered in a NEPA document. To determine the scope of an EIS, agencies shall consider 3 types of actions (connected, cumulative, and similar), 3 types of alternatives (no action, other reasonable courses of action, and mitigation measures), and 3 types of impacts (direct, indirect, and cumulative).
- Scope of Work - A detailed description of tasks is prepared in advance of engineering and environmental work to explicitly define the contents of studies.

- Section 4(f) - Section 4(f) of the U.S. Department of Transportation Act of 1966 permits the use of land for a federally-funded transportation project from a significant publicly owned park, recreation area, wildlife or waterfowl refuge, or historic site when it has been determined that: (1) there are no feasible and prudent alternatives to such use, and (2) the project includes all possible planning to minimize harm to the property.
- Significant Impacts - Any number of social, environmental, or economic effects, or influences which may be brought about as a result of the implementation of a transportation improvement. "Significant impacts" may include effects, which are direct, secondary, or cumulative. The term "significant" is used and interpreted by the FHWA in determining which type of NEPA document is appropriate. Categorical exclusions are those actions, which do not involve significant effects. Environmental Impact Statement (EIS) projects in most cases can and do involve significant impacts.
- Significantly - As used in NEPA requires considerations of both context and intensity. Context means that the significance of an action must be analyzed in several contexts such as society as a whole (human, national), the affected region, the affected interests, and the locality. Intensity refers to the severity of the impact.
- State funds - As used in this manual, includes the state funds provided to local agencies for specific transportation projects and programs administered by the Division of Local Assistance. State funds are currently provided for the following projects: Bicycle Lane Account, Proposition 116, Bicycle Projects, Proposition 116, Environmental Enhancement and Mitigation (EEM), Federal Apportionment Exchange and State Match programs. The *Local Assistance Program Guidelines* (LAPG) further defines these programs.
- STIP - State Transportation Improvement Program, a seven-year list of projects proposed in RTIPs and the Proposed STIP that are approved and adopted by the California Transportation Commission (CTC) (see Chapter 4 of the *Caltrans Project Development Procedures Manual* for more discussion).
- Study Area - An identified amount of land or topography, selected, and defined at the outset of engineering, or environmental evaluations, which is sufficiently adequate in size to fully identify, analyze, document impacts and effects for proposed projects within its boundaries.
- Transportation Project Development Process - An interactive, multi-phase series of activities typically spanning a period of years which involve comprehensive planning, prioritization, detailed engineering and environmental studies, and agency and public involvement which lead to the selection, design, and construction of identified transportation improvements.
- 23 USC - The section (Title 23) of the United States Code containing laws relating to highways.
- 23 CFR - The section (Title 23) of the Code of Federal Regulations containing regulations (general and permanent rules published in the Federal Register) relating to highways. Not included are regulations based on Civil Rights requirements in Title 49, the Uniform Relocation Assistance and Real Property Policies, and other federal laws and regulations as described in this manual.

1.5 MANUAL ORGANIZATION

The manual is divided into 20 chapters. Each chapter describes a process and procedural steps important to the development of a local assistance project. Projects may not need to fulfill each process to be successfully implemented and to be eligible for federal or state funding, but each should be considered.

FEDERAL-AID PROJECTS

Federal-aid projects require consideration of the processes described in each chapter in this manual. For these projects, each chapter should be reviewed to determine whether the actions, activities, and decisions required are applicable to the individual project.

The *LAPG* further defines these programs.

Flow Chart 1-1 outlines the federal-aid project process and references the associated chapters. This chart is not intended to represent the actual chronological sequence of federal-aid implementation.

STATE FUNDED PROJECTS

Projects seeking only state funds require less oversight and review than those seeking federal-aid funds. Not all of the processes described in the chapters of this manual apply to these projects. Chapters 1, 2, 3, 4, 5, 10, 17 and 19 apply in whole, or in part to these projects.

The *LAPG* further defines these programs.

Flow Chart 1-2 highlights the actions needed for state funded projects.

CHAPTER SUMMARIES

The chapters are generally in chronological sequence when developing a project; however, some of the procedures can be done concurrently, or must be repeated for the next phase of a project. The flow charts in the exhibits for this chapter define the general relationship between the processes. The flow charts at the beginning of most chapters further define the relationships between these processes and procedures.

Chapter 2, *Roles and Responsibilities*, defines the roles and responsibilities for the various entities involved in developing a local assistance project.

Chapter 3, *Project Authorization*, describes the process to obtain project authorization and fund obligation required for each phase of a federal-aid project. It also discusses the federal policy concerning funding projects at less than the full allowable federal share (underfunding), transferring funds to FTA, and the CTC fund allocation vote process.

Chapter 4, *Agreements*, describes the agreements needed between the local agency and the state, and between the state and FHWA to obtain reimbursement of funds.

Chapter 5, *Accounting/Invoices*, describes the general accounting procedures necessary to receive reimbursement for work done in any phase of the project.

Chapters 6-8, *Environmental Procedures*, *Field Review*, and *Public Hearings*, discuss the project initiation and environmental procedures needed to bring a project to the stage at which the local agency decision makers commit the project to final design and implementation.

Chapter 9, *Civil Rights and Disadvantaged Business Enterprises* (DBE), describes the requirements for establishing and reporting DBE program and project goals. This process may be necessary during the initial project stage, or may not be required until a later phase.

Chapter 10, *Consultant Selection*, describes the requirements for selecting and hiring consultants to perform project activities.

Chapters 11 & 12, *Design Standards and Plans, Specifications & Estimate*, describe the design standards to be used and the Plans, Specifications and Estimate (PS&E) development necessary to bring the project to the advertising and construction stage.

Chapters 13 & 14, *Right of Way and Utility Facilities*, describe the procedures used to acquire right of way or relocate utilities.

Chapters 15-17, *Advertise and Award Project, Administer Construction Contracts*, and *Project Completion*, describe the procedures from advertising through construction administration, project completion, and completion of the final reports.

Chapter 18, *Maintenance*, describes the ongoing maintenance responsibilities and activities needed to assure that the project remain a functional public asset, and the related inspection and reporting requirements.

Chapter 19, *Process Reviews*, describes the process reviews by which Caltrans and/or FHWA will make periodic checks to ensure that the agencies have complied with their commitments and certifications under federal and state laws, regulations, and these procedures.

Chapter 20, *Deficiencies and Sanctions*, describes the course of action to be expected when local agencies fail to comply with state and federal requirements during their project. An appeal process is available when district decisions or sanctions are not acceptable.

1.6 MANUAL UPDATES

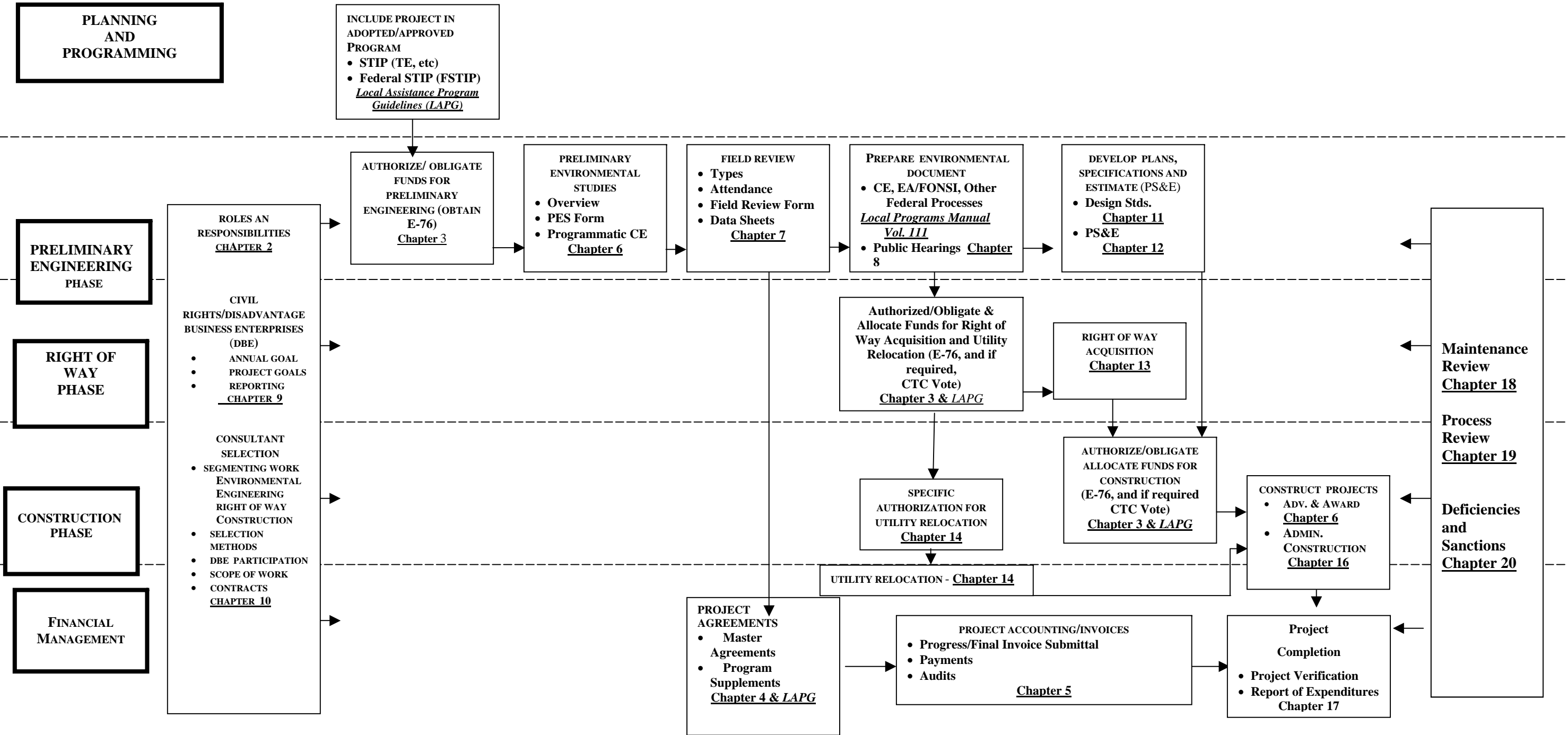
This manual is available to each local agency in a printed format and is also available on the Internet. The Caltrans Web Server is at <http://www.dot.ca.gov>. For direct access to this manual at the Division of Local Assistance Homepage go to:
<http://www.dot.ca.gov/hq/LocalPrograms/public.htm>

As updates are made, they will be available on the Internet, and the agency will be responsible for obtaining its own printed copy if needed.

Comments and suggestions for improvement to the manual or the processes and procedures described herein are welcome. They may be submitted to:

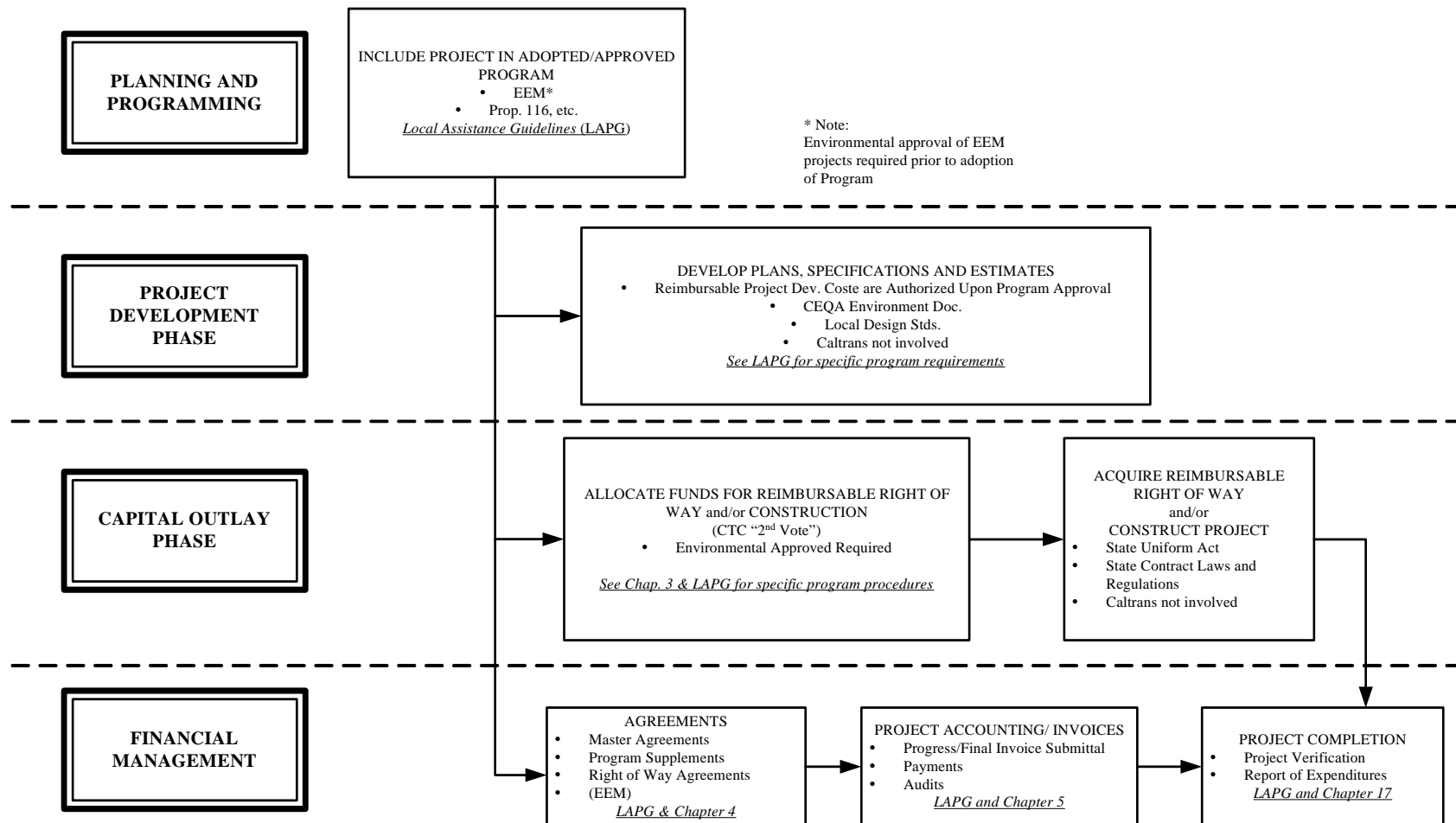
Department of Transportation
Division of Local Assistance, Office of Procedures Dev. and Training - MS 1
Attention: The Chief
P.O. Box 942874
Sacramento, CA 94274-0001
FAX (916) 654-2409

Flow Chart 1-1 Project Development Flow Chart (Typical Procedures for Federal-aid Projects)



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Flow Chart 1-2 Project Development Flow Chart (typical Procedures for “State-Only” Projects)



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CHAPTER 2 ROLES AND RESPONSIBILITIES

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CHAPTER 2 ROLES AND RESPONSIBILITIES

2.1 INTRODUCTION

Within Caltrans, the responsibility for administering and managing the federal and state local assistance highway programs resides in the Division of Local Assistance (DLA). This headquarters' office is under Planning and Modal Programs. Each of the twelve Caltrans districts has a District Local Assistance Engineer (DLAE) who is the local agency's primary contact for processing projects, providing assistance for local agency development efforts, and answering local agency questions. Please refer to Exhibit 2-A *Caltrans District Local Assistance Offices*, in this chapter for current district boundaries and mailing addresses.

The responsibility for implementing individual projects on the local streets, roads and other transportation systems resides with the local agencies, principally the cities and counties.

STATE FUNDED PROJECTS

State funded local assistance projects must be developed in accordance with policy and procedural requirements as specified in state law, by the California Transportation Commission (CTC), and Caltrans. These state policies and procedural requirements are separate from federal requirements. It is Caltrans' policy to provide these funds to local transportation programs with a minimum of state oversight. However, because procedures vary with each state funding program the *Local Assistance Program Guidelines* (LAPG) should be referenced for a detailed explanation of the roles and responsibilities.

FEDERAL-AID PROJECTS

The Federal Highway Administration (FHWA) is the federal agency most typically involved in the transportation projects undertaken with federal funding and /or approval action for the programs discussed in this manual. It has the authority and responsibility for implementing and monitoring federal laws, regulations and executive orders affecting these programs. When a project involves federal funding, the FHWA is involved according to these responsibilities and the delegations and stewardship agreements described below. When another federal agency has permit jurisdiction or other role in development of a project, the FHWA frequently becomes involved in the process as either lead or co-lead federal agency.

Caltrans obtained major delegations of authority and/or responsibility from FHWA as allowed under the provisions of the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991 and previous Transportation Acts. With the recent reengineering of local assistance procedures, Caltrans has passed on these delegations to local agency partners to the greatest extent possible. With each delegation goes the accountability for initiating and completing each project phase in accordance with the appropriate state, and federal laws and regulations without extensive FHWA, or state oversight. Caltrans has the ultimate responsibility to ensure that locals are administering the federal-aid program in conformance with the applicable federal requirements.

Federal-aid projects must be included in the approved Federal Statewide Transportation Improvement Program (FSTIP). This inclusion must precede fund authorization for any activity for which federal-aid funds are being sought. The responsibility for selecting the program of projects for inclusion in the urbanized area Federal Transportation Improvement Program (FTIP) resides with the Metropolitan Planning Organizations (MPO). The County Transportation Commissions and Regional Transportation Planning Agencies (RTPA) have also a role in programming projects for the FSTIP and the state funded State Transportation Improvement Program (STIP). Their selections must be done in consultation with the state, cities, counties, and other transportation agencies within the area. The FTIPs are incorporated into the FSTIP. Caltrans works with the non-MPO local agencies to program projects in the FSTIP.

Exhibit 2-B, *Federal-Aid Local Assistance Responsibilities*, outlines the roles and responsibilities of the parties involved in local federal-aid transportation projects. The chapters in this manual provide the details for carrying out these responsibilities.

2.2 NATIONAL HIGHWAY SYSTEM

ISTEA established provisions for Congress to adopt a National Highway System (NHS) of 155,000 miles of major roads in the United States. The system is established to provide an interconnected system of principal arterials that serve major population centers, international border crossings, ports, airports, public transportation facilities, intermodal transportation facilities, other major travel destinations, meet national defense requirements, and serve interstate and interregional travel.

Until Congress made its official adoption, the NHS was defined as all principal arterials, including the Interstate System. On November 28, 1995, the President signed the legislation defining the NHS. The system includes all Interstate routes, a selection of urban and rural principal arterials, the defense strategic highway network and strategic highway connectors.

In California, about 180 miles of local agency principal arterials were selected to be a part of the NHS. Some procedures in this manual for projects on the NHS are different from those for projects not on the NHS (non-NHS). One of the early local agency determinations should be whether the project is on the NHS or not.

See LAPG, Chapter 3, *Federal-Aid Routes & Functional Classifications*, for further discussion and a listing of the local agency NHS routes.

2.3 STATE-AUTHORIZED PROJECTS

The Transportation Equity Act for the 21st Century (TEA 21) and an agreement between FHWA and Caltrans, allows Caltrans to assume Title 23 Oversight responsibility for non-Interstate NHS projects (including 3R projects [Resurfacing, Restoring, Rehabilitation]), all Interstate projects with a construction cost less than \$1 million, all Interstate 3R projects greater than \$1 million, and all non-NHS federal-aid highway projects including local streets and roads, and state highways (see Figure 2-1 in this chapter). The oversight responsibility and delegation of authority from FHWA to Caltrans for these projects referred to as State-Authorized projects is contained in a “Stewardship Agreement” between FHWA and Caltrans. For State-Authorized projects, Caltrans has been delegated both the pre-construction and construction-related responsibilities.

2.4 STEWARDSHIP - LETTERS OF AGREEMENT

For the purpose of determining FHWA's or Caltrans' responsibility for project approval and oversight, "3R" is defined broadly to allow maximum delegation of project approval and oversight to Caltrans/3R projects. The 3R project restores safe, efficient, travel on an existing facility, and/or extends the service life of highways, bridges, and related appurtenances. They are typically constructed within existing right of way, although minor acquisitions may be needed. Instead of trying to define all of the types of projects that could fall under the broad area of 3R, a determination was made to define the smaller area of reconstruction (for stewardship purpose only). To aid in the determination of the type of work, the following work will be considered reconstruction for stewardship purposes only:

- The addition of a lane (except climbing and auxiliary lanes)
- Significant change in horizontal and/or vertical alignment
- Reconstruction of an interchange by adding, moving, or relocating (widening ramps for storage or turning movements are not included)
- Replacement of entire bridge, or the major parts, of an existing bridge (in such a manner that it is equivalent to a new bridge)
- Seismic retrofit projects for the following:
 - 1) Major or unusual structure (major or unusual structures are defined by FAPG G 6012.1)¹
 - 2) In excess of \$5 million per structure (work will be considered to have a substantial effect on the structural capacity of the structure)
- Major modifications to Traffic Management Centers

If a project does not fall under at least one of the above areas and is not classified as "new" construction, the project will be treated as a 3R project for stewardship purposes.

The initial cost determination will continue throughout the project development process unless there is a major change in estimated construction cost.

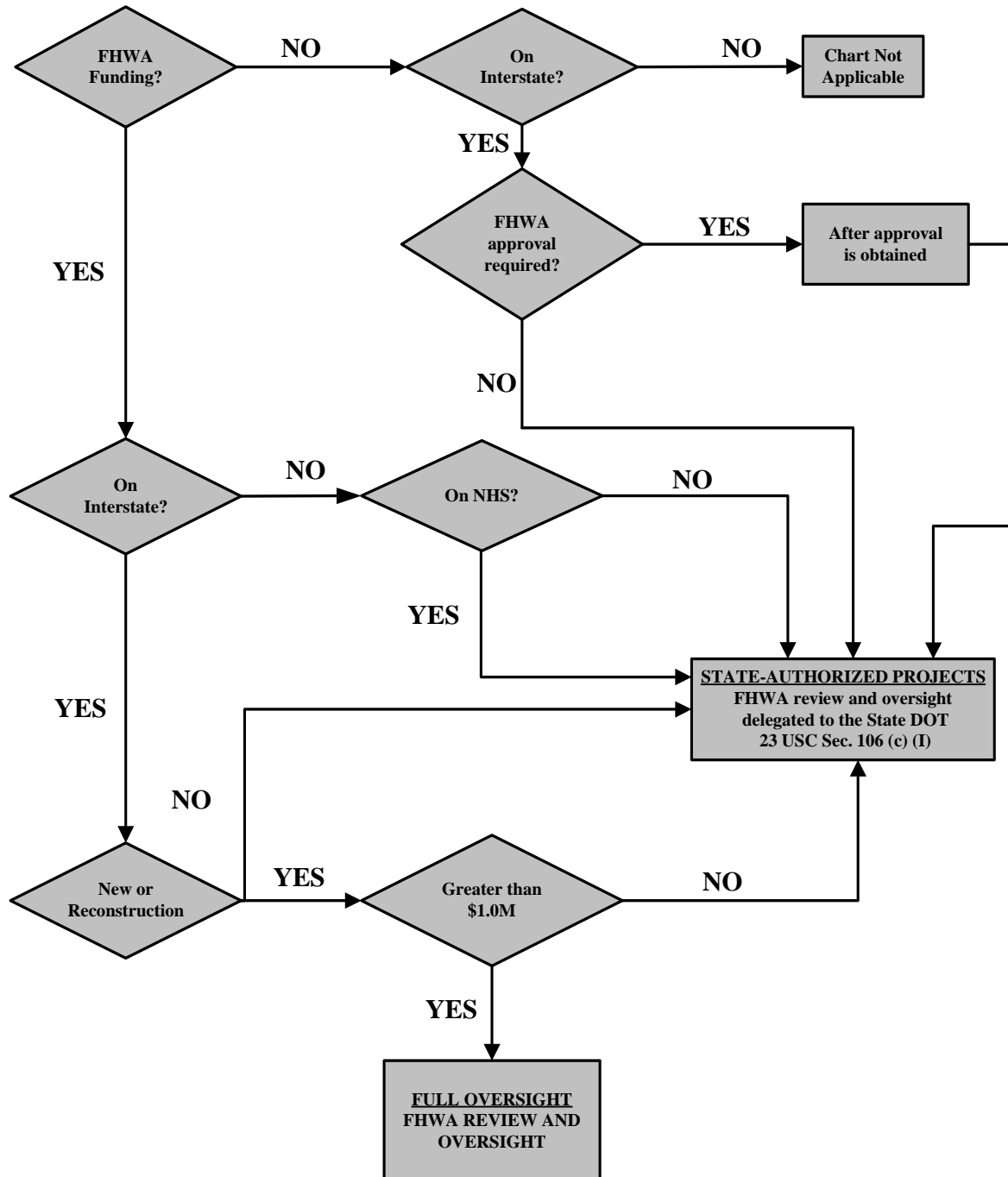
Since only a few local agency streets and roads are on the NHS, most local projects are State-Authorized and not subject to FHWA review and oversight. Projects on or impacting the Interstate system may require FHWA Full Oversight review depending on the cost and classification.

Chapter 2, Section 2.7 of the *Caltrans Project Development Procedures Manual* describes the FHWA role in more detail. You can view this manual at:

<http://www.dot.ca.gov/hq/oppd/pdpm/pdpmn.htm>

¹ See *Federal Aid Policy Guide* G6012.1 for detailed definitions or consult your DLAE and FHWA engineer.

Figure 2-1 FHWA Oversight



1- Examples of FHWA approval required would be Interstate Access request, NEPA, etc.

2.5 RIGHT OF WAY CERTIFICATION DELEGATION

In addition to the delegations discussed above, the FHWA has also approved Caltrans' request for delegation of right of way certificate approval for projects considered State-Authorized and not subject to FHWA oversight per the stewardship agreement. Procedures for processing local agency right of way certifications are described in Chapter 13, *Right of Way*, of this manual.

2.6 REENGINEERING OF LOCAL ASSISTANCE PROCEDURES

PROJECTS OFF THE NATIONAL HIGHWAY SYSTEM (NON-NHS)

Effective July 1, 1995, the reengineering of local assistance procedures gave local agencies additional responsibility and accountability for non-NHS projects. Many of the responsibilities delegated to Caltrans under the Stewardship and Letters of Agreement were further delegated to the local project sponsors. Caltrans' preliminary engineering, construction review and approval activities were reduced, other activities involving environmental reviews, project authorization, Disadvantaged Business Enterprises, consultant selection, and agreement procedures were streamlined to eliminate duplication of effort and multiple reviews.

PROJECTS ON THE NATIONAL HIGHWAY SYSTEM (NHS)

Effective with the publication of this manual, the delegation of responsibilities to local agencies described above for non-NHS projects also applies for NHS projects. With the following exceptions (discussed in detail in the appropriate chapters of this manual), procedures are the same for both types of projects.

FIELD REVIEWS

Caltrans will make the decision whether to hold a field review for major NHS projects and projects on the Interstate, which are subject to FHWA "Full Oversight." Generally, a field review will only be required for major projects (over \$10 million involving unusual structures, or projects on a corridor involving more than one agency). All projects on the Interstate and State Highway System (SHS) and NHS projects that are considered "major" will require the Plans, Specifications & Estimate (PS&E) and construction administration approvals described below.

PS&E PROCEDURES FOR MAJOR NHS PROJECTS

When Caltrans requires a field review for major NHS projects, PS&E procedures (standards, agencies involved, use of consultants, project management, specifications, etc.) will be discussed. These procedures will be put in writing for Caltrans' approval before final design is initiated. With approval, the local agency will then certify their PS&E(s) for these projects the same as they do for non-NHS projects upon completion of the PS&E. Caltrans may review the PS&E(s) if resources are available, or as part of a process review. NHS projects that are not on the Interstate, SHS, or considered "major" will not require this approval procedures.

DESIGN STANDARDS

Local agencies are required to use only American Association of State Highways and Transportation (AASHTO), 3R, and other design standards officially approved for use on NHS projects. Locally approved design standards are not allowed on NHS projects; however, Caltrans may approve exceptions on a project-by-project basis except on Interstate projects, which require FHWA approval.

METHOD OF CONSTRUCTION

Exceptions to competitive bidding of construction contracts must be approved by Caltrans or FHWA for Full Oversight projects.

RESTRICTED CONSTRUCTION CONTRACT PROVISIONS

Warranty clauses and the use of proprietary items are restricted on NHS projects.

CONSTRUCTION ADMINISTRATION FOR MAJOR NHS PROJECTS

When Caltrans requires a field review for major NHS projects, the local agency's construction administration procedures (staging, agencies involved, use of consultants, project management, quality assurance, etc.) will be discussed. These procedures will be put in writing for Caltrans' approval before the "Request for Authorization for Construction" is approved. Caltrans will not review the construction administration unless requested and resources are available, or as part of a process review.

QUALITY ASSURANCE PROGRAMS

Local agencies shall use the Quality Assurance Program described in this manual for projects on the NHS. Caltrans will be responsible for performing Independent Assurance Sampling and Testing (IAST).

FINAL INSPECTION

The FHWA will make a final inspection of completed Full Oversight projects prior to authorizing reimbursement of the final project voucher.

2.7 FHWA RESPONSIBILITIES

As discussed above, the FHWA has the overall authority and responsibility for implementing and monitoring federal laws, regulations and executive orders. For local agency projects that involve federal funding, the FHWA's responsibilities typically involve Project Implementation and Process Review activities. **Note: For any new/revised Interstate access (regardless of funding), FHWA review/approval is required along with their applicable environmental NEPA clearance.**

PROJECT IMPLEMENTATION

For all federal-aid projects, the FHWA is responsible for the following project implementation activities:

- Obligation of federal funds
- Approval of National Environmental Policy Act (NEPA) and other federally required environmental documents except for projects that qualify for Programmatic Categorical Exclusion (PCE).

For projects that are under FHWA “Full Oversight” per stewardship agreement, the FHWA is also responsible for the following activities:

- Authorization to Proceed
- Approval of additional access points on the Interstate
- Final Inspection

OVERSIGHT

Interstate - For Interstate projects on the NHS over \$1 million (except 3R projects), the FHWA has overall responsibility for ensuring compliance with all federal requirements.

For all other projects, FHWA responsibility for ensuring compliance with federal requirements is limited to non-Title 23 activities (environmental, right of way and civil rights).

Major Intelligent Transportation Systems (ITS) Projects (both NHS and non-NHS). An ITS project that implements part of a regional ITS initiative that is multi-jurisdictional, multi-modal, or otherwise affects regional integration of ITS systems.

The local agencies must submit a Systems Engineering Management Plan (SEMP) for all major ITS projects to FHWA for approval prior to authorization (E-76) for final design. See Chapter 12.6, *Intelligent Transportation Systems*, of the LAPG for details.

Minor ITS Projects - These ITS projects do not require System Engineering Review Form (SERF) or SEMP approval by Caltrans or FHWA. However, the SERF still must be filled out as part of the field review package. The procedures for minor ITS will follow the traditional 1- phased federal-aid Preliminary Engineering procedures.

Minor projects include:

- Legacy System Expansion – This includes expansion and/or upgrading of existing systems, which add no new capabilities or interfaces. For example, expansion of existing traffic signal systems with similar equipment and no new software. Another example would be purchase of additional buses using similar specifications as for existing vehicles.
- Commercial Off-The-Shelf (“COTS”) – Example: purchasing new electronic fare boxes that does not interface with other transit ITS packages and do not require any software development. COTS software is often customized for an installation, but only by selecting modules and/or setting parameters – not by writing software.
- Application Service Provider (“ASP”) – Example, contracting for off-site operations and maintenance of a pre-existing “next bus arrival” website, with no new interfaces and no software development. In essence, this involves leasing a pre-existing service rather than buying a product.

Projects that fit one or more of the above definitions are “minor” projects regardless of project cost. It should be recognized that, although there may be no “formal” Systems Engineering (SE) requirements or oversight for such minor projects (beyond filling out the SERF), good procurement practices should still ensure that the solicitation documents contain detailed system requirements and specifications, plus a thorough Acceptance Testing Plan. These items are elements of the SE process; hence, this is one example of scaling down the SE process to fit the needs of a small project.

While it is the FHWA's policy to rely primarily on their Program Review/Product Evaluation Program to carry out these responsibilities, other process review techniques, including project-specific activities may be used when appropriate.

2.8 CALTRANS RESPONSIBILITIES

Caltrans is responsible to the FHWA for administering the successful implementation of federal-aid programs and projects. Caltrans also administers the implementation of state funded programs and projects for the CTC and State Legislature.

These responsibilities are divided into three areas: Policy and Procedures, Program Management, and Project Implementation.

POLICY AND PROCEDURES

Caltrans establishes uniform policies and procedures to assist the local agencies in meeting the program requirements for their projects. Caltrans in collaboration with FHWA interprets federal and state laws, rules and regulations, and provides guidance in the form of manuals, guidebooks, handbooks, reference materials and service, and training to assist the agencies in planning, designing, constructing, and maintaining their transportation systems.

Caltrans' policy and procedure development are achieved in coordination and consultation with the FHWA, representatives of local agencies, MPOs, RTPAs, other affected agencies, and organizations.

PROGRAM MANAGEMENT

Each specific local assistance program provides funding which requires distribution, management, and oversight control to ensure that the funds are expended to meet the program goals and that allocations and budget authority are not exceeded. Caltrans distributes both state and federal fund allocations to the MPOs, RTPAs, cities, counties and others as specified by law.

Once the distributions are established, Caltrans provides program guidance for their expenditure. Some programs may require annual or periodic project application and selection to establish eligibility lists. Caltrans also monitors project implementation to ensure that the projects are implemented in a timely manner to achieve program goals. LAPG manual describes each current program.

PROJECT IMPLEMENTATION

Some major federal-aid project implementation steps delegated by the FHWA to Caltrans cannot be further delegated to the local agency level and remain Caltrans' responsibility. These include:

- Approval of Authorization to Proceed (E-76) for projects that are State-Authorized
- Preparation of agreements
- Decision to hold Field Review for NHS projects
- Approval of Local Agency DBE Program/Annual Goal
- Pre-award audit review of consultant contracts >\$250,000
- Approval of Utility Relocation Agreements involving federal reimbursement

- Approval of Specific Authorization for Utility Relocation involving federal reimbursement
- Independent Assurance Sampling and Testing (IAST) for NHS projects
- Approval of payments from the State Controller

The individual chapters covering these topics should be consulted for details concerning the responsibilities. Where the FHWA has not delegated final approval, Caltrans monitors local agency activities, reviews or prepares documents, and makes recommendations to FHWA. For example, Caltrans will review all environmental documents for completeness and sufficiency before submitting them to FHWA for approval.

Caltrans also provides assistance to the local agencies in interpreting the regulations, manuals and guidelines, as they apply to specific project conditions. The District Local Assistance Offices and Headquarters Division of Local Assistance personnel are available to aid the local agency through the required process and procedural steps.

Where expertise is not otherwise available, the local agency may also request assistance from Caltrans' technical specialists in solving special technical problems. Environmental issues, right of way concerns, hazardous wastes, labor compliance, equal employment opportunity, Title VI, and Disadvantage Business Enterprise are among these areas where assistance is available. The use of this expertise must be requested early and be well coordinated to assure that Caltrans' limited resources and personnel will be available when needed.

PROCESS REVIEWS

As outlined in Chapter 19 *Process Review*, of this manual, Caltrans will use the process review as the main method to determine if local agencies are in compliance with all federal-aid laws, regulations, and procedures. The process reviews will be used to evaluate all aspects (including Title 23 requirements) of the local agencies federal-aid program and to improve local assistance procedures.

MAINTENANCE REVIEWS

Annually, Caltrans reviews project maintenance for selected agencies using federal-aid funds so that every agency is covered during a four-year cycle. Chapter 18 *Maintenance*, in this manual describes these maintenance review procedures in detail.

2.9 CITY, COUNTY AND OTHER LOCAL PUBLIC AGENCY RESPONSIBILITIES

The cities, counties, joint power authorities, transit agencies and other public agencies have the primary responsibility for implementing the specific projects which carry out the programs described in this manual. Nonprofit entities may also qualify for this. For the purpose of this manual, these agencies/entities are commonly called local agencies.

PROJECT IMPLEMENTATION

The local agency is responsible for the conception, planning, programming, environmental investigation, design, right of way, construction and maintenance of the projects on their local transportation system. It must ensure that its staff members, consultants and contractors comply with the applicable state and federal laws, regulations and procedures in developing, and constructing its projects.

If a local agency has never implemented a federal-aid or state funded project, or does so infrequently; it should review the processes with the DLAE prior to beginning any implementation activity. It may wish to seek the administrative services of another agency, which is more familiar with the process and procedure details.

The local agency is delegated decision-making authority and responsibility for most design and construction-related activities of federal-aid projects. These include:

- Getting the project into the FSTIP
- Preparing the Request for Authorization for each project phase
- Decision to hold field review for projects off the NHS
- Determining/Approving project DBE goal
- Selecting consultant and approving consultant contracts
- Approving local design standards for projects off the NHS
- Approving design exceptions for projects “off” the NHS
- Preparing and Certifying PS&E (Caltrans must approve the local agencies’ PS&E procedures for most NHS projects and FHWA for Full Oversight NHS projects)
- Qualifying/selecting right of way consultants
- Certifying right of way
- Right of Way acquisitions and relocation
- Preparing and approving Quality Assurance Programs (non-NHS projects only)
- Advertising and awarding construction project
- Construction contract administration and inspection (Caltrans must approve the local agencies construction administration procedures for high cost, complex, corridor-type NHS projects)
- Construction contract acceptance (FHWA will make final inspection of projects that are Full Oversight)
- Coordinating railroad agreements
- Contract compliance

The individual chapters covering these topics should be consulted for details concerning the responsibilities.

2.10 CALIFORNIA TRANSPORTATION COMMISSION

The California Transportation Commission (CTC) has programming and fund allocation responsibility for some federal-aid and state funded programs used for local assistance projects. It is the responsibility of the local agency to notify the DLAE to request a CTC vote where applicable.

PROGRAMMING

The CTC selects projects for inclusion in the STIP for the following programs:

- Transportation Enhancements (TE) (Federal)
- Proposition 116 - Bicycle Program
- Environmental Enhancement and Mitigation (EEM) Program

FUND ALLOCATION

When a project is ready for implementation, the CTC must vote to allocate funding to the following programs. This action is commonly called the “**second vote**.”

- Transportation Enhancements (TE) (Federal)
- Proposition 116 - Bicycle Program
- EEM Program

2.11 METROPOLITAN PLANNING ORGANIZATIONS, REGIONAL TRANSPORTATION PLANNING AGENCIES AND COUNTY TRANSPORTATION COMMISSIONS

These organizations have broad transportation planning duties and responsibility for programming most projects using federal-aid or state allocations from the programs described in this manual.

These organizations are responsible for providing each local agency with their application rules, procedures and timelines. They are also responsible for providing the local agency with results of the decisions about its projects and the agency, CTC and federal approval dates.

The local agency must work closely with these organizations to ensure that its projects are placed in the appropriate TIP with the correct funds in the proper years. Federal funds and many state funds cannot be obtained without this programming step.

Chapter 4 of the *Caltrans Project Development Procedures Manual* discusses the programming process in more detail.

2.12 OTHER PUBLIC AGENCIES AND ORGANIZATIONS

Other federal, state, regional and local entities may have an interest, role or jurisdiction in the development and implementation of a local project. Examples at the federal level include the Environmental Protection Agency, the Corps of Engineers, or the National Forest Service. At the state level, examples include the Department of Fish and Game,

Air Resources Board, or the Office of State Historic Preservation. Regional agencies include the Air or Water Quality Control Boards or Flood Control Districts.

The State Resources Agency selects the projects to be funded by the CTC for the EEM program.

The role of these agencies will vary with the project scope, location and environmental impact. Coordination should begin early to prevent critical delays later in the project development.

Quasi-public or nonprofit organizations may apply for and receive programmed funds for some programs, notably EEM. These agencies must follow the same rules and regulations, which apply to any other local agency developing a state or federal-aid funded project. When such an agency does not have a full staff of administrative, engineering, contracting, or accounting personnel, Caltrans encourages it to work through a local agency that can provide these services and is familiar with the applicable rules.

CALTRANS DISTRICT LOCAL ASSISTANCE OFFICES

STATE OF CALIFORNIA
Business Transportation and Housing Agency
Department of Transportation

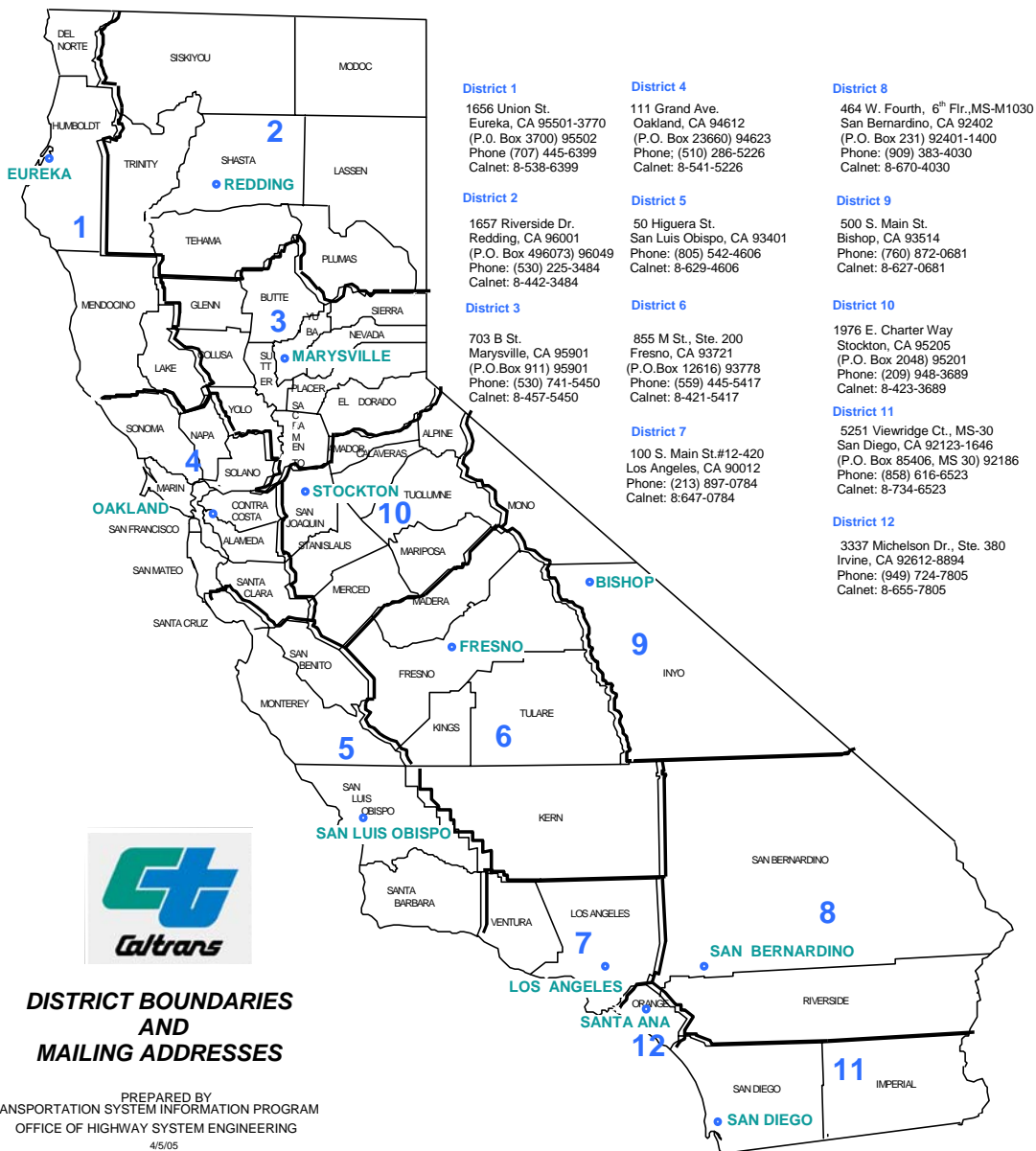


EXHIBIT 2-A CALTRANS DISTRICT LOCAL ASSISTANCE OFFICES

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EXHIBIT 2-B FEDERAL-AID LOCAL ASSISTANCE RESPONSIBILITIES			
ACTIVITY	Projects on the National Highway System (NHS)	Projects not on the NHS	COMMENTS
	(Excluding Interstate ¹)		
	State-Authorized	State-Authorized	
Project Authorizations (Chapter 3)			
Prepare "Request for Authorization"	Local Agency	Local Agency	
Approve "Authorization to Proceed" (E-76) for each project phase	State	State	Authorization must precede any reimbursable activities.
Obligate Funds	FHWA	FHWA	
Agreements (Chapter 4)			
Prepare Agreements	State		
Execute Master Agreement/Program Supplements	Local Agency/State		
Invoices (Chapter 5)			
Prepare Invoices	Local Agency		
Approve Payment	State		
Environmental Procedures (Chapter 6)			
Conduct preliminary investigations and complete Preliminary Environmental Studies form (PES)	Local Agency		
Review and approve Programmatic CE (if applicable)	State		
Conduct and document appropriate technical studies and prepare NEPA document (CE, EA, EIS)	Local Agency		Complete PES and attend early coordination meeting before starting technical studies.
Review environmental documentation and NEPA document Approve Payment	State		
Approve/Process NEPA document and other required Federal environmental documentation	FHWA		

¹ Projects on or impacting the Interstate regardless of funding will require a project-by-project review by FHWA. For these and all projects on state highways, the local agency should coordinate closely with the DLAE and District Project Development Manager to insure that all required authorizations/obligations and other reviews and approvals are obtained in a timely manner and in accordance with state highway development procedures. Early consultation by Caltrans with FHWA will aid in coordination for necessary involvement and needed approvals, if any.

Federal-Aid Local Assistance Responsibilities

FEDERAL-AID LOCAL ASSISTANCE RESPONSIBILITIES			
ACTIVITY	Projects on the National Highway System (NHS) (Excluding Interstate ¹)	Projects not on the NHS	COMMENTS
	State-Authorized	State-Authorized	
Field Review (Chapter 7)			
Decision to hold Field Review	State (See Comments)	Local Agency	State required Field Reviews limited to high cost, complex, corridor-type NHS projects.
Prepare Field Review Form	Local Agency	Local Agency	
Attend/Sign Field Review Form	Local Agency, State and FHWA	Local Agency	State will (and FHWA may) attend all required NHS Field Reviews, and others when appropriate.
Public Hearings (Chapter 8)			
Decision on Type of Public Hearing	Local Agency		Formal or Open Forum
Approval to circulate EA/EIS	FHWA		Public hearings are held after the EA or Draft EIS has been approved.
Civil Rights&Disadvantaged Business Enterprises (Chapter 9)			
Provide Civil Rights Assurances	Local Agency (In Master Agreement and Program Supplements)		
Complaint Investigations/Contractor Compliance	Local Agency		May be assisted by State
Local Agency Compliance Reviews	State/FHWA		
Approve Local Agency DBE Annual Goal	State		
Determine/Approve Project DBE Goal	Local Agency		
Consultant Selection (Chapter 10)			
Select Consultant and approve contract	Local Agency		
Pre-award audit	State		Limited to Contracts >\$250,000

¹ Projects on or impacting the Interstate regardless of funding will require a project-by-project review by FHWA. For these and all projects on state highways, the local agency should coordinate closely with the DLAE and District Project Development Manager to ensure that all required authorizations/obligations and other reviews and approvals are obtained in a timely manner and in accordance with state highway development procedures. Early consultation by Caltrans with FHWA will aid in coordination for necessary involvement and needed approvals, if any.

FEDERAL-AID LOCAL ASSISTANCE RESPONSIBILITIES			
ACTIVITY	Projects on the National Highway System (NHS) (Excluding Interstate ¹)	Projects not on the NHS	COMMENTS
	State-Authorized	State-Authorized	
Design Standards (Chapter 11)			
Approve Local Design Standards	State	Local Agency	Local agencies shall use Caltrans, AASHTO, or 3R standards for projects on the NHS.
Approve Design Exceptions	State	Local Agency	
Plans, Specifications&Estimate (Chapter 12)			
Approve PS&E Procedures	State	Not required	State approval of PS&E procedures limited to major NHS projects
Approve Exceptions to Competitive Bid Contracts	State	Local agency	
Approve Incidental Force Account Work	State	Local Agency	
Approve use of Proprietary Items	State	Not Required	
Approve Warranty Clauses	State	Not Required	
Prepare and Certify PS&E	Local Agency	Local Agency	
Accept PS&E Certification	State	State	State approval of PS&E procedures required for major NHS projects before State will accept PS&E Certification
Right of Way (Chapter 13)			
Qualify Local Agencies	State	State	
Qualify/Select Consultants	Local Agency		

¹ Projects on or impacting the Interstate regardless of funding will require a project-by-project review by FHWA. For these and all projects on state highways, the local agency should coordinate closely with the DLAE and District Project Development Manager to ensure that all required authorizations/obligations and other reviews and approvals are obtained in a timely manner and in accordance with state highway development procedures. Early consultation by Caltrans with FHWA will aid in coordination for necessary involvement and needed approvals, if any.

EXHIBIT 2-B
Federal-Aid Local Assistance Responsibilities

Local Assistance Procedures Manual

FEDERAL-AID LOCAL ASSISTANCE RESPONSIBILITIES			
ACTIVITY	Projects on the National Highway System (NHS) (Excluding Interstate ¹)	Projects not on the NHS	COMMENTS
	State-Authorized	State-Authorized	
Right of Way (Chapter 13) -continued			
R/W Acquisition/Relocation Assistance	Qualified Local Agency/Consultants		
Certify R/W	Local Agency		
Accept R/W Certification	State		
Approve R/W Certification	N/A	N/A	
Utilities (Chapter 14)			
Approval of Utility Relocation Agreements involving Federal reimbursement	State	State	
Specific Authorization for Utility Relocation involving Federal reimbursement	State	State	
Utility Certification	Local Agency	Local Agency	See R/W Certifications
Advertise&Award Project (Chapter 15)			
Approve Local Agency Construction Administration Procedures	State	Not Required	State approval of procedures limited to major NHS projects.
Local Agency Construction Administration Certification	Local Agency	Local Agency	Not applicable for major NHS projects.
Accept Local Agency Construction Administration Certification	State	State	Not applicable for major NHS projects.
Advertise Project	Local Agency	Local Agency	Authorization to Proceed (E-76) required prior to advertisement

¹ Projects on or impacting the Interstate regardless of funding will require a project-by-project review by FHWA. For these and all projects on state highways, the local agency should coordinate closely with the DLAE and District Project Development Manager to ensure that all required authorizations/obligations and other reviews and approvals are obtained in a timely manner and in accordance with state highway development procedures. Early consultation by Caltrans with FHWA will aid in coordination for necessary involvement and needed approvals, if any.

FEDERAL-AID LOCAL ASSISTANCE RESPONSIBILITIES			
ACTIVITY	Projects on the National Highway System (NHS) (Excluding Interstate ¹)	Projects not on the NHS	COMMENTS
	State-Authorized	State-Authorized	
Advertise&Award Project (Chapter 15) -continued			
Award Project	Local Agency	Local Agency	
Prepare Award Package	Local Agency	Local Agency	Detail Estimate, Finance Letter, Award Checklist, <i>RE Checklist</i> , and Report of DBE Awards
Administer Construction Project (Chapter 16)			
Approve Local Quality Assurance Program	State	Local Agency	Local agencies are required to use Caltrans' approved QAP for projects on the NHS.
Contract Administration and Inspection	Local Agency	Local Agency	
Independent Assurance and Sampling Testing (IAST)	State	Local Agency	
Approve Contract Change Orders	Local Agency	Local Agency	
Project Completion (Chapter 17)			
Accept Contract	Local Agency	Local Agency	
Verify Completion	State	State	
Final Inspection	State/Local Agency	Local Agency	
Final Report of Expenditures	Local Agency	Local Agency	
Maintenance (Chapter 18)			
Maintain projects constructed with Federal-aid funds	State/Local Agency	Local Agency	
Maintenance monitoring	State	State	
Process Reviews (Chapter 19)			
Title 23 Activities	State/FHWA	State/FHWA	
Non-Title 23 Activities	FHWA/State	FHWA/State	NEPA, Uniform Act, etc.

¹ Projects on or impacting the Interstate regardless of funding will require a project-by-project review by FHWA. For these and all projects on state highways, the local agency should coordinate closely with the DLAE and District Project Development Manager to ensure that all required authorizations/obligations and other reviews and approvals are obtained in a timely manner and in accordance with state highway development procedures. Early consultation with FHWA will aid in coordination for necessary involvement and needed approvals, if any.

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LOCAL AGENCY AGREEMENT CHECKLIST

Request for Local Agency/State agreement for federal/state funding:

PROJECT NO. _____

A. Funds:

1. _____ Federal |

2. _____ Bicycle Lane Acct.

3. _____ Prop. 116 Bicycle _____ EEM _____ TE |

Is a CTC Allocation vote required? _____ Yes _____ No (Normally req'd for line 3. Items)

Has it been scheduled/voted? _____ Yes _____ No Date _____
(circle one)

B. Agreement Type

_____ Master _____ Supplement _____ Revised Supplement _____ Special Program

C. Phases to be covered: (For Obligation)

Funding: _____ PE _____ ROW _____ Const. _____ IOther (specify) _____

D. Standard Conditions:

Who will:

___ Advertise ___ Award ___ Administer ___ Furnish RE ___ Maintain

L = Local Agency S = State O = Other (Specify) _____

E. Reimburse State for:

_____ Resident Engineer _____ Inspection _____ Other (specify) _____

F. Cooperative Agreement no. _____ (if any)

G. If multiple fund sources are to be used provide estimates and clarifying information defining covenant references needed in the agreement.

H. Describe any other special conditions applying to the project.

I. Agency Contact Person _____ Date _____ Phone _____

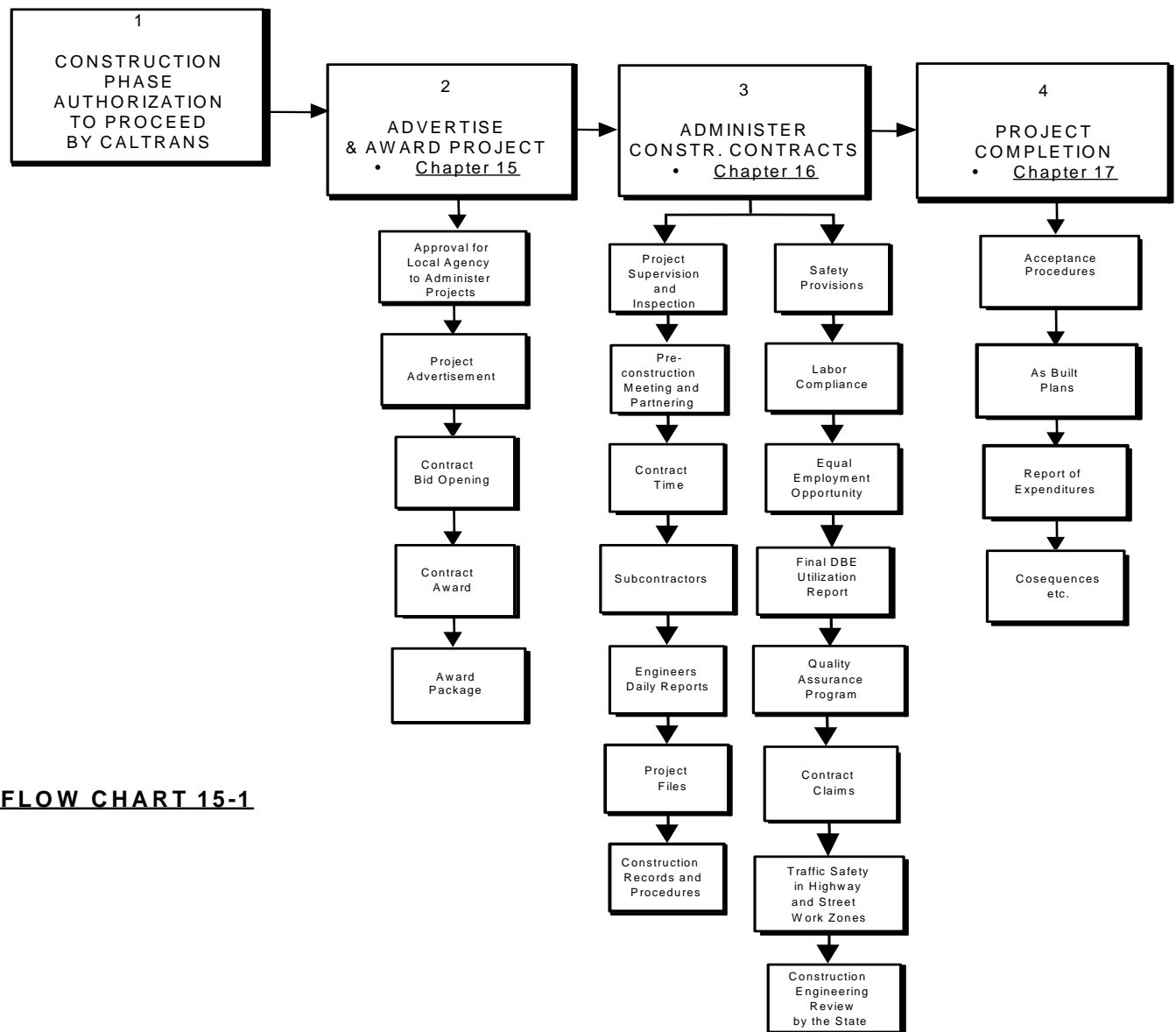
Attach an updated finance letter.

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CHAPTER 15 ADVERTISE AND AWARD PROJECT

15.1 INTRODUCTION

This chapter, Chapter 16, *Administer Construction Contract*, and Chapter 17, *Project Completion*, are for use by local agencies who administer federal-aid construction projects under an “Administering Agency-State Agreement.” These three chapters replaced the previously issued *Local Programs Manual, Volume II*, titled *Contract Administration Procedures*. When a locally sponsored project funded with federal-aid is within the state right of way (R/W) and the State (Caltrans) is the administering agency, the state’s *Construction Manual* is normally used.



FLOW CHART 15-1

This chapter covers the activities beginning with advertising of a construction contract and continuing through the bid opening, award, and detail estimate procedures. It has been prepared mainly as a guide for administration of federal-aid contracts by local agencies. Each local agency Resident Engineer should be familiar with the contents of this chapter, Chapter 16, *Administer Construction Contract*, and Chapter 17, *Project Completion*, (see the *Local Assistance Procedures Manual* (LAPM) before administering such contracts.

15.2 DEFINITION OF TERMS

- AASHTO - American Association of State Highway and Transportation Officials
- ASTM - American Society for Testing and Materials
- Administering agency - The state or a city, county, other public agency, or nonprofit organizations, that advertises, opens bids, awards and administers the contract. They are frequently called local agency or agency and were previously called responsible agency.
- Bid rigging - a conspiracy to disrupt or circumvent the competitive environment by establishing a competitive advantage for certain bidders.
- CCO - Contract Change Order
- CE - Construction Engineering. This phase includes the work of project advertising¹ through construction, preparation of as-built plans, final estimates, and payments. This phase must be authorized prior to advertising, and CE must be separately identified in this authorization.
- CFR - Code of Federal Regulations
- Contingencies - An amount of funds usually a small percentage of the detail estimate, set aside for unforeseen items or quantities of work not specified in the contract documents, but required to complete the project. The percentage used for contingencies varies depending on the type and scope of work.
- Contract Administration - Includes advertising, opening bids, award, and execution of the contract; control of work and material; and making payments to the contractor.
- Contractor - The person or persons, firm, partnership, corporation, or combination thereof, who have entered into a contract with the administering agency, as party or parties of the second part of his/her or their legal representatives.
- DBE - Disadvantaged Business Enterprise (includes Women-owned Business Enterprise (WBE) and Minority-owned Business (MBE). The breakdown of different Business Enterprise description is due to the difference between the State and federal requirement.
- Department of Transportation - The Department of Transportation of the State of California, as created by law; also referred to as Department, State, or Caltrans.

¹ CE includes advertising only if not included in PE phase and only after authorization date.

- District – A subdivision of the department organized to administer the affairs of the Department for a specific geographical area and for the local agencies in that area (see Exhibit 2-A, *District Local Assistance Offices* of the LAPM)
- DLA- Division of Local Assistance (Caltrans Headquarters unit only)
- DLAE - The District Local Assistance Engineer, the individual in each district responsible for providing services and assistance to the local agencies.
- E-76 - Federal-aid Program Document titled: “Authorization to Proceed” Form
- EA - Expenditure Authorization number
- EEO - Equal Employment Opportunity
- ER - Emergency Relief
- Finance Letter - A document required by Local Program Accounting (see Exhibit 15-N) and submitted by the administering agency to Caltrans with information required as backup for the federal-aid/state project agreement.
- Full Oversight – Projects on the Interstate that are new or reconstruction (not 3R) greater than \$1 million for which FHWA has Full Oversight.
- FTIP – Federal Transportation Improvement Program
- FSTIP - Federal Statewide Transportation Improvement Program
- FHWA - Federal Highway Administration
- HPMS - Highway Performance Monitoring System
- Headquarters - The headquarters office of the Department located at 1120 “N” St., Sacramento, CA 95814.
- ISTEA - Intermodal Surface Transportation Efficiency Act of 1991.
- Invoice - A detailed list of expenditures that an administering agency requests reimbursement for with federal funds, pursuant to the Local Agency-State Agreement (see Chapter 5, Exhibit 5-B, *Sample Federal-aid Invoice with Two Appropriations & Different Reimbursement Rates*).
- LRH – Last Resort Housing
- Local agency - A California City, County, or other local public agency. In many instances this term is used loosely to include nonprofit organizations.
- Local Agency-State Agreement - Agreement between the state and local agency. Generally refers to the Master agreement and all supplemental agreements (Program Supplements) to the master agreements. These agreements are required for the state to provide reimbursement to the local agency for all federal-aid projects.

- Locode - Numeric identifier for each local agency or administering agency (assigned by the Division of Local Assistance).
- LPP - Local Programs Procedures. Documents used for the rapid deployment of new procedures and policies between updates of Local Assistance manual, guidelines and programs. Each procedure is numbered according to calendar year and order in which released.
- MBE – Minority Business Enterprise
- MPO - Metropolitan Planning Organization
- MWBE- Minority Women-owned Business Enterprise
- NHS - National Highway System - A specially Designated Highway System established by the Intermodal Surface Transportation and Efficiency Act of 1991 and adopted by the United States Congress.
- Office Engineer - Chief of the Headquarters or District Office of Office Engineer. The Office Engineering Unit is responsible for insuring that the PS&E is complete, biddable and buildable.
- PS&E - Plans, Specifications & Estimate
- PE - Preliminary Engineering. This phase includes all project initiation and development activities undertaken after its inclusion in the approved FSTIP through the completion of PS&E. It may include preliminary Right of Way engineering and investigations necessary to complete the environmental document.
- Prequalification - The AASHTO defines prequalification as a means of predetermining job experience and work capacity and to identify individuals and organizations from whom the agency may accept a bid. The AASHTO also has encouraged the use of prequalification procedures in its *1981 Suggested Guidelines for Strengthening Bidding and Contract Procedures*.
- R/W - Right of Way, This phase includes the work necessary to appraise and acquire project right of way, relocate individuals or businesses, and revise or relocate utilities.
- RAP - Relocation Assistance Program
- Report of Expenditures – Collectively refers to the following final report documents: Final Inspection of Federal-aid Project (FIF 7/96), final Invoice, Final Detail Estimate, Change Order Summary (containing liquidated damages/contractor's claims, date of completion, date of acceptance by city or county), Final Report of Utilization of Disadvantaged Business Enterprise (DBE), Materials Certificate, and Report of Completion of Structures if bridges were constructed.

- State-Authorized Project - A classification for federal-aid projects, which are not subject to FHWA review and oversight required by *Title 23 Code of Federal Regulations*. For State-Authorized federal-aid projects, the FHWA and Caltrans exercise the maximum degree of delegation of authority to local agencies (see Chapter 2, Section 2.4, *Stewardship - Letters of Agreement* and Figure 2-1, *FHWA Oversight*).
- Resident Engineer - A qualified Engineer who is empowered to administer the contract.
- S&H Code - California Streets and Highways Code
- SHA - State Highway Agency (Caltrans)
- Supplemental Work - Work that is anticipated but because of its uncertainty, cannot be included as a contract item e.g., additional staking, utility work, etc. If supplemental work is determined to be needed, a change order is required to include it in the contract. This work should normally be part of the contingencies.
- Surety - A security against loss or damage or for the fulfillment of contract obligation, bond
- WBE- Women-owned Business Enterprise
- WWBE – White Women-owned Business Enterprise-

15.3 APPROVAL FOR LOCAL AGENCY TO ADMINISTER PROJECTS

MAJOR NHS PROJECTS

Caltrans must approve the local agency's construction administration procedures before a local agency can advertise the construction of a federally financed major NHS project (see Chapter 7 *Field Reviews*, for the determination by the DLAE of which NHS projects will be considered major). The procedures should be discussed in general at the field review and detailed written procedures shall be approved by the DLAE before the local agency will be allowed to administer any construction contracts for the project. **Additionally, a local agency shall not advertise the project until it has received in writing an "Authorization to Proceed" with construction from Caltrans (see Chapter 3, *Project Authorization*).**

The written construction administration procedures should cover the following items:

- Construction Management personnel and procedures
- Consultant use and selection
- Project advertisement, bid opening and award procedures
- Pre-Construction Procedures
- Subcontracting
- Project DBE good faith determination and monitoring
- Traffic Safety procedures
- Materials Testing

- Change order review and approval procedures
- Oversight procedures if a State highway is involved
- Maintenance of records and Access
- Estimates and Progress Payment

The DLAE will consult with Headquarters DLA for assistance with the review and approval of the local agency procedures.

ALL OTHER PROJECTS

Approval by Caltrans of the local agency's construction administration procedures will not be required for all other projects. However, each agency that administers a federal-aid construction project will be required to complete a "Local Agency Construction Contract Administration Checklist" (Exhibit 15-A) before their "Request for Authorization to Proceed with Construction" will be approved. **A local agency shall not advertise a project until it has received in writing an "Authorization to Proceed" with construction from Caltrans (see Chapter 3, *Project Authorization*).**

15.4 PROJECT ADVERTISEMENT

INTRODUCTION

Project advertisement may be "locally administered" or "State administered." Whenever a local agency advertises for bids, opens bids, and awards the contract, the project is considered "locally administered." This decision must be made at an early stage of the project, and before final agreement. Federal-aid projects must be advertised by either a local agency authorized to do so or by the State. **The State advertises local agency projects only on an exception basis, and with prior written approval from the District Director.** The written approval is accomplished through the execution of a cooperative agreement between the two agencies. State administered projects usually occur when the project is located on a State highway, and there is a mixture of several fund sources to finance the project construction. If the State agrees to administer a project, the procedures included in the Caltrans *Construction Manual*, Chapter II, Section 2-90, *Local Assistance Projects and Projects Funded by Others*, will apply in lieu of the requirements of this manual.

On locally administered projects, the construction engineering is performed by local agency personnel, unless arrangements are made to hire a consultant. If a consultant is used, the local agency must still designate an employee of the agency as the person in responsible charge of the project. The only exception to this procedure is if the administering agency has hired a consultant on retainer to act as the City Engineer or Public Works Director. Then the consultant may act as the person in responsible charge of the project.

Construction engineering for "locally administered" projects shall be performed in accordance with the requirements found in Chapter 16, *Administer Construction Contract*, of this manual.

Each local agency and all of its contractors, subcontractors, and vendors shall take all reasonable steps to assure that DBEs have equitable opportunity to compete for and perform contracts (see Chapter 9, *Civil Rights and Disadvantaged Business Enterprises*).

WARNING:

No project shall be advertised for bids, nor shall any project work (by contract or other than contract) be undertaken, and no materials shall be purchased on any federal-aid project, prior to issuance of “Authorization to Proceed” Full Oversight by Caltrans or the FHWA. Violation of this requirement shall result in the project being ineligible for federal funding.

Only one exception to this requirement can be made. It is for emergency relief projects involving emergency repair/opening of a facility. For more information on emergency relief projects see the *Local Assistance Program Guidelines*, Chapter 11, “Disaster Assistance”.

Advertising costs shall be charged to the preliminary engineering work authorization if such authorization has been requested and has been established for the purpose of federal reimbursement.

PROCEDURES

Prior to project advertisement, the administering agency shall certify that their final PS&E package complies with all applicable federal and state regulations and procedures (see Exhibit 12-C *PS&E Certification*). Local agencies should also complete and retain the “Local Agency Project Advertising Checklist” (Exhibit 15-C) in the project files prior to requesting an Authorization to Proceed. All administering agencies must submit a completed “Request for Authorization” with the PS&E Certification before they can receive verification that construction has been authorized by Caltrans.

Upon receipt of “Authorization to Proceed” for construction by Caltrans, the local agency can proceed to advertise the project.

During the advertising period, the administering agency shall notify all prospective bidders of PS&E addenda in the same manner as all other nonfederal-aid projects. For award of federal-aid contracts, the local agency is required to certify that all bidders certify receipt of all addenda. The administering agency shall ensure free and open competition. The advertisement period is determined by the administering agency. A minimum advertisement period of three weeks is recommended for all projects. **For NHS projects a minimum advertisement period of three weeks is required by the FHWA.** The advertising period begins with publication of a “Notice to Contractors” in a newspaper receiving wide local circulation. The Notice shall identify the DBE project goals. The administering agency is responsible to approve and issue all addenda to the PS&E during the advertising period.

The local agency shall assure that all updated estimates are fundable from available local or federal resources.

As soon as the project is advertised, the local agency shall furnish the DLAE with one copy of the “as advertised” plans and special provisions or two copies if structures (bridges) are involved.

15.5 CONTRACT BID OPENING

INTRODUCTION

The contract bid opening is a public forum for the announcement of all bids, and is that point in time where the bids are opened and read aloud. It is also the last moment that bids can be accepted. No bids can be accepted during or after bids are opened. Normally the advertisement/bid documents will state a final time in which bids can be accepted. For the bidder, the reading of the bids confirms whether his bid is successful. For the local agency and the general public, this forum establishes the cost to build the project. The bid opening requirements as outlined below apply to all federal-aid highway construction projects except for the “tabulation of bids requirement,” which does not apply to projects off the NHS.

REQUIREMENTS

FHWA policy requires all bids to be opened publicly and read aloud either item-by-item or by total amount. If a bid is not read, the bidder is to be identified and the reason for not reading the bid announced.

Reasons for not reading a bid include the bid itself being nonresponsive, often called “irregular,” or the bidder is determined to be unreliable. Responsive bid and responsible bidder are defined as:

- A **responsive bid** is one that meets all the requirements of the advertisement and proposal, while
- A **responsible bidder** is one who is physically organized and equipped with the financial ability to undertake and complete the contract.

Some reasons for not reading a bid due to bidding irregularities include:

- Failure to sign the bid
- Failure to furnish the required bid bond
- Failure to include a unit bid price for each item
- Failure to include a total amount for the bid
- Failure to prepare the bid in ink
- Failure to submit a completed addenda certification statement
- Failure to submit a noncollusion affidavit
- Failure to commit to the achievement of the DBE contract goals or demonstrate good faith efforts to do so
- Inclusion of conditions or qualifications not provided for in the specifications
- Submission of a materially unbalanced bid

The above examples do not include all possible bidding irregularities. The local agency’s standard specifications govern regarding what constitutes a bidding irregularity. Accordingly, the local agency’s bidding documents should clearly identify those requirements with which the bidder must comply to make the bid responsive.

To detect mathematical unbalancing, the unit bid items should be evaluated for reasonable conformance with the engineer's estimate and compared with the other bids received. There are no definitive parameters (e.g., an amount or percent of variance from the engineer's estimate) that constitute an unbalanced bid. The degree of unbalancing of a bid may depend on the reason for the unbalancing. Mathematically unbalanced bids, although not desirable, may be acceptable.

The determination of mathematically unbalanced bids may be aided by the use of one of the several computer software packages now available. However, the final decision should not preclude the use of engineering judgment. Care must also be exercised to ensure that unit bids for mobilization do not mask unbalancing. Also, "token bids" (i.e., bids with large variations from the engineer's estimate) should be considered as mathematically unbalanced bids and further evaluation and other appropriate steps should be taken to protect the public interest.

There may be situations where the quantity of an item could vary due to inaccuracies in the estimating, errors in the plans, changes in site conditions or design, etc. In such situations, the bids should be further evaluated to determine if the low bidder will ultimately yield the lowest cost. If unbalancing creates reasonable doubt that award would result in the lowest ultimate cost, the bid is materially unbalanced and should be rejected or other steps should be taken to protect the public interest.

AWARD PROCEDURES

The administering agency shall follow its normal procedures for award of the project and is delegated the authority to determine the lowest responsive/responsible bidder without concurrence to award by Caltrans or the FHWA. Written justification shall be included in the project file for all projects that are not awarded to the lowest bidder, including evaluation of good faith efforts. The administering agency shall follow its normal procedures for award of the contract and assure that all federal requirements are followed. A bid analysis is not a requirement but is recommended. The administering agency shall retain the executed contract-document, the award date, and the Preconstruction conference minutes. The State shall not participate in resolving disputes between the administering agency and its bidders.

It is the responsibility of the administering agency to verify with the DLAE and RTPA/MPO that the appropriate amount of federal funds is authorized before the project is awarded.

POST-AWARD REVIEWS

The administering agency should conduct post-award bid evaluations to assure against bid rigging. An adequate number of projects awarded over a sufficient time period should be evaluated. A period of approximately 5 years should be selected for an initial evaluation to determine if any abnormal competitive bid patterns exist. The following information should be considered in a post-award review for abnormal bid patterns:

- Number of contract awards to a specific firm
- Project bid tabulations
- Firms that submitted a bid and later become a subcontractor on the same project

- Rotation of firms being the successful bidder
- Consistent percentage differential in the bids
- Consistent percentage of the available work in a geographic area to one firm or to several firms over a period of time
- Consistent percentage differential between the successful bid and the engineer's estimate
- Location of the successful bidder's plant versus location of the other bidders' plants
- Variations in unit bid prices submitted by a bidder on different projects in the same bid opening
- Type of work involved
- Number of plans and proposal taken out versus the number of bids submitted
- Any other items that indicate noncompetitive bidding
- On re-advertised projects, if the eventual successful bidder was also low bidder on the first letting

TERMINATION OF CONTRACTS

- (a) All NHS contracts exceeding \$10,000 shall contain suitable provisions for termination by the administering agency, including the manner by which the termination will be effected and the basis for settlement. In addition, such contracts shall describe conditions under which the contract may be terminated for default as well as conditions where the contract may be terminated because of circumstances beyond the control of the contractor.
- (b) Prior to termination of a federal-aid contract that is subject to FHWA Full Oversight, the administering agency shall consult with and receive the concurrence of the Caltrans DLAE. In addition, for all other federal-aid contracts the administering agency shall notify the DLAE of the termination. The extent of federal-aid participation in contract termination costs, including final settlement, depends on the merits of the individual case. However, under no circumstances shall federal funds participate in anticipated profit for work not performed.
- (c) Except as provided for in paragraph (e) of this section, normal local agency federal-aid plans, specifications, estimates, advertising, and award procedures are to be followed when an administering agency awards the contract for completion of a terminated federal-aid contract.
- (d) When an administering agency awards the contract for completion of a federal-aid contract previously terminated for default, the construction amount eligible for federal participation on the project should not exceed whichever amount is the lesser, either:

LOCAL AGENCY CONSTRUCTION CONTRACT ADMINISTRATION CHECKLIST

Local Agency _____

I ADVERTISE AND AWARD PROJECT

A. Project Advertisement

- ☐ Projects are not advertised until the Authorization to Proceed (E-76) for the construction phase has been approved by Caltrans (or by FHWA for Full Oversight projects).
- ☐ For NHS projects, a minimum of three weeks for project advertisement (15.4, *Project Advertisement*).

B. Contract Bid Opening

- ☐ All bids are opened publicly and read aloud either item-by-item, or by total amount. If a bid is not read, the bidder is to be identified and the reason for not reading the bid announced (15.5 *Contract Bid Opening*)

The following documents will be completed and retained in the project files.

- ☐ For NHS Projects, a list of bidders and total amount bid with an item-by-item breakdown (Exhibit 15-D, *Sample Bid Tabulation Summary Sheet*) of the three lowest bidders.
- ☐ Local Agency-Bidder DBE Information Sheet (Exhibit 15-G) if a DBE goal is specified.
- ☐ Bidders' list to be compiled from prime and subcontractors bidding or quoting on contract.
- ☐ EEO Certification (Exhibit 12-E, Attachment C), The Noncollusion Affidavit (Exhibit 12-E, Attachment D), Non-Lobbying Certification (Exhibit 12-E, Attachment F), Disclosure of Lobbying Activities (Exhibit 12-E, Attachment G)
- ☐ Local Agency Bid Opening Checklist (Exhibit 15-I)

C. Contract Award

- ☐ Contracts are awarded on the basis of the lowest responsive bid from a responsible bidder (Chapter 15.6 *Contract Award*).
- ☐ For all NHS projects, a bid analysis will be performed (Chapter 15.6 *Contract Award*).
- ☐ No negotiations with contractor occurred prior to award (not allowed)

The following documents will be forwarded to the Caltrans District Local Assistance Engineer immediately after award of the contract:

- ☐ Contract Award Checklist (Exhibit 15-L)
- ☐ Detail Estimate (Exhibit 15-M)
- ☐ Finance Letter
- ☐ RE's Checklist

D. Subcontracting

- ☐ For all NHS projects, at least 30% of the contract work is to be performed by the prime contractor (see Chapter 16, Section 16.6, *Subcontractors*)

Local agency's person in "Responsible Charge"

(date)

| Distribution: Original Local Agency Project File
One copy - DLAE

LOCAL AGENCY BID OPENING CHECKLIST

Project Information: _____

DIST-----CO-----RTE-----PM-----Agency

Federal Project Number: _____

Location: _____

Limits: _____

Bid opening date and time _____

Bid opening by _____

Name: _____

Bids publicly opened and read aloud? _____

(Yes/No)

Addenda certified by _____

Advertisement date _____

Engineers Estimate Compared? _____

(Yes/No)

Low Bidder Name _____

Amount _____

Number of Bidders _____

Bid irregularities? _____

(Yes/No)

Noncollusion affidavit included (Exhibit 12-E, Attachment D)? _____

(Yes/No)

Low Bid signed? _____

(Yes/No)

Bidder DBE information included (Exhibit 15-G) _____

(Yes/No)

All Addenda certified by all bidders? _____

(Yes/No)

Reviewed by: _____

(Name of Local Agency Representative)

Title: _____

Date: _____

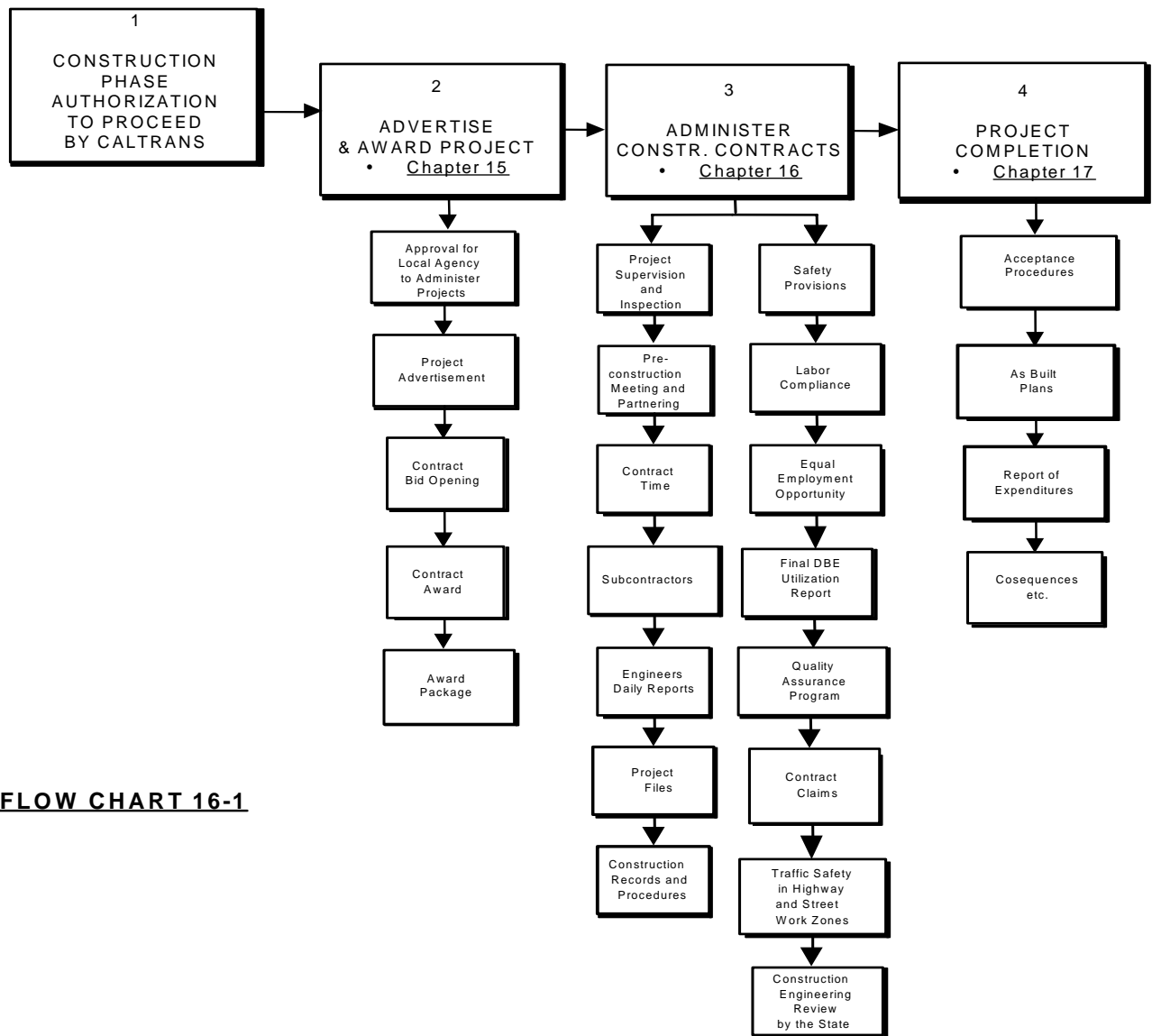
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CHAPTER 16 ADMINISTER CONSTRUCTION CONTRACTS

16.1 INTRODUCTION

This chapter, Chapter 15, *Advertise and Award Project*, and Chapter 17, *Project Completion* of this manual are for use by local agencies, who administer federal-aid projects under “Administering Agency-State Agreement.” These three chapters replaced the previously issued Local Programs Manual, Volume II, titled *Contract Administration Procedures*. When a locally sponsored project funded with federal-aid is within the State R/W and the State (Caltrans) is the administering agency, the State’s *Construction Manual* is normally used in lieu of these procedures.



FLOW CHART 16-1

This chapter covers the topics beginning with project supervision, contract time, subcontractors, Engineer's daily reports, projects files, construction records and procedures, safety provisions, labor compliance, equal opportunity employment, disadvantaged business enterprise, contract change orders, material sampling and testing, and traffic safety in the highway and street zones. This chapter has been prepared mainly as a guide for administration of federal-aid contracts by local agencies. Each local agency resident engineer should be familiar with the contents of this chapter, Chapter 15, *Advertise and Award Project*, and Chapter 17, *Project Completion*, before administering such contracts.

The University of California Berkeley Institute of Transportation Studies (ITS) conducts courses titled the Resident Engineer Academy, and "Construction Administration and Project Completion of Federal-aid Project." These courses are offered to local agency Resident Engineers (REs) through the Cooperative Training and Assistance Program (CTAP). The RE Academy is designed to introduce new RE to the roles and responsibilities of being an RE, and to the requirements of the Federal-aid Program. (To attend the RE Academy you need to contact your District Local Assistance Engineer (DLAE.) The "Construction Administration and Project Completion of Federal-aid Projects" explains in detail the federal-aid requirements in this chapter and Chapter 17, *Project Completion*.

This manual is not a contract document. It is a book of reference and instruction to be used in the administration of federal-aid projects. In case of conflicts the contract documents and the Local Agency-State agreements shall prevail.

16.2 DEFINITIONS OF TERMS

- AASHTO - American Association of State Highway and Transportation Officials
- ASTM - American Society for Testing and Materials. A national technical society formed in 1902 to standardize specifications, methods of testing materials, and publish information regarding improvement of engineering materials.
- Acceptance Testing (AT) - The testing of materials entering a construction project to verify that the materials, or products, comply with contract specifications.
- Certificate of Compliance - A certificate signed by the manufacturer of materials stating that the materials involved comply in all respects with the requirements of the specifications.
- Construction - As defined in the United States Code (USC): The term "construction" means the supervising, inspecting, actual building, and all expenses incidental to the construction or reconstruction of a highway, including locating, surveying, and mapping (including the establishment of temporary and permanent geodetic markers in accordance with specifications of the National Oceanic and Atmospheric Administration in the Department of Commerce), resurfacing, restoration, and rehabilitation, acquisition of rights of way, relocation assistance, elimination of hazards of railway grade crossings, elimination of roadside obstacles, acquisition of replacement housing sites, acquisition and rehabilitation, relocation, and construction of replacement housing, and improvements which directly facilitate and control traffic flow, such as grade separation of intersections, widening of lanes, channelization of traffic, traffic control systems, and passenger loading and unloading areas. The term also includes capital improvement which

directly facilitate an effective vehicle weight enforcement program, such as scales (fixed and portable), scale pits, scale installation, and scale houses and also includes costs incurred by the state in performing federal-aid project related audits which directly benefit the federal-aid highway program.

- Contract Claim - A demand for additional compensation, which cannot be resolved between the contractor and the local agency representative in responsible charge of the project.
- Contract Claim Award - A payment made by a local agency to a federal-aid contractor on the basis of an arbitration or mediation proceeding, administrative board determination, court judgment, negotiated settlement, or other contract claim settlement.
- Contract Claim Defense Costs - Local agency costs related to the defense and settlement of contract claims including, but not limited to salaries of employees, consultants, attorney fees, boards of arbitration, appeals boards, courts or similar tribunals.
- CFR - Code of Federal Regulations. Document produced by the federal government implementing the requirements of federal statutes.
- DVBE - Disabled Veteran Business Enterprise (for state only programs)
- DBE - Disadvantaged Business Enterprise (includes Women-owned Business Enterprise [WBE] and Minority-owned Business Enterprise [MBE]). The breakdown of different Business Enterprises descriptions is due to the difference between the state and federal requirements.
- Final Invoice - For an example see Chapter 17, *Project Completion*, Exhibit 17-C, and refer to Chapter 5, *Accounting/Invoices*, for instructions.
- Force Account - A basis of payment for the direct performance of highway construction work with payment based on actual cost of labor, equipment, and materials furnished with consideration for overhead and profit.
- Foremen - Men and women in direct charge of crafts workers or laborers performing work on the project.
- "Frequency Tables (Tables)" - See Exhibit 16-R, *Size, Frequency, and Location of Sampling and Testing*.
- Full Oversight - Projects on Interstate that are new or reconstruction (not 3R) greater than \$1 million for which FHWA has Full Oversight.
- Independent Assurance Sampling and Testing (IAST) - Periodic testing by a specially trained tester, to verify that acceptance testing is being performed correctly with accurate test equipment.
- Laborer, Semi-Skilled - All laborers classified by specialized type of work.
- Laborer, Unskilled - Non-classified laborers.
- Local Agency - A California City, County, or other local public agency. In many instances this term is used loosely to include nonprofit organizations.

- Maintenance - As defined in the USC: the preservation of the entire highway, including surface, shoulders, roadsides, structures, and such traffic control devices as are necessary for its safe and efficient utilization.
- “Materials Certificate” - See Chapter 17, *Project Completion*, Exhibit 17-F.
- MBE - Minority Business Enterprise
- Mechanics - Equipment service and maintenance personnel
- NHS - National Highway System
- Officials (Managers) - Officers, project engineers, superintendents, etc., having management level responsibilities and authority
- Others - Miscellaneous job classifications are to be incorporated in the most appropriate category listed on the form. All employees on the project should thus be accounted for.
- Progress Invoice - Periodic billing invoice by local/regional agencies for reimbursement of costs on ongoing contracts.
- QAP - Quality Assurance Program
- QC/QA - Quality Control/Quality Assurance - see “Statistical Quality Assurance” in this chapter
- Quality Assurance Program - A sampling and testing program that will provide assurance that the materials and workmanship incorporated in each highway construction project are in conformance with the contract specifications. The main elements of a Quality Assurance Program are acceptance testing and independent assurance sampling and testing.
- RE - Resident Engineer. A registered engineer who is empowered to administer the construction contract.
- SHA - State Highway Agency (Caltrans)
- Source Inspection - Acceptance testing of manufactured and prefabricated materials at locations other than the job site.
- State-Authorized Project - A classification for federal-aid projects, which are not subject to FHWA review and oversight required by *Title 23 Code of Federal Regulations*. For State-Authorized federal-aid projects the FHWA and Caltrans exercises the maximum degree of delegation of authority to local agencies (see Chapter 2, Section 2.4, *Stewardship - Letters of Agreement*, and Figure 2-1, *FHWA Oversight*).
- Supervisors - All levels of project supervision, if any, between management and foreman levels
- TCP - Traffic Control Plan
- WBE - Women-owned Business Enterprise

16.3 PROJECT SUPERVISION AND INSPECTION

INTRODUCTION

Construction engineering is eligible for federal-aid reimbursement if it is identified and programmed in the “Authorization to Proceed.” A fifteen percent (15%) limitation on construction engineering is required for the federal-aid program on a statewide basis. For more information on programming construction engineering see Chapter 3, *Project Authorization*.

For State-Authorized projects, FHWA has assigned the responsibility of contract administration and construction inspection to Caltrans. This responsibility is conveyed to Caltrans by way of an E-76, which is executed for each federal-aid project. For all local federal-aid projects, further delegation of responsibility is made by Caltrans to the agency administering the project by way of the state/local agreements called master agreements and program supplements. This delegation is based on the following conditions:

- All federal requirements shall be met on work performed under a contract awarded by a local public agency.
- Force account work shall be in full compliance with Chapter 12, *Plans, Specifications & Estimate*, Section 12.2, *Method of Construction*.
- Local public agency is adequately staffed and suitably equipped to undertake and satisfactorily complete the work.
- Local public agency shall provide a full-time employee of the agency to be in responsible charge of the project that employs consultants for construction engineering services.

Such an arrangement does not relieve the Caltrans of overall project responsibility. Caltrans shall review local agency project staffing by periodic process reviews to assure compliance.

PROJECT STAFFING

Adequate construction personnel shall be provided to ensure adequate field control, conformance with the contract specifications, accurate contract payments to the contractor, and that quality transportation facilities are constructed. Local agencies shall include in the project records the names and titles of all staff assigned to each federal-aid project.

The documentation of project staffing is essential in making a determination of the adequacy of the local agency’s construction staffing.

PROCEDURES

The administering agency must designate a qualified engineer who is empowered to administer the contract. The agency may employ a consultant to provide construction engineering services such as inspection or survey work, however, the agency must provide a full-time employee to be in charge of and have administrative

control of the project. A consulting firm that is on retainer as City Engineer is considered as a full-time publicly employed engineer.

Contractors, including those operating in joint venture, are required under the contract to designate in writing a person or persons authorized to supervise the work and to act for the contractor on the project. The administering agency's engineer is to assure that this information is on file. The addresses and local telephone numbers of such persons should be included.

The work must be inspected to assure compliance with the contract. Deviations must promptly be brought to the contractor's attention. Material samples must be taken and tests performed as noted in Section 16.14 of this chapter or in accordance with the local agencies own Quality Assurance Program. A record must be made of the engineer's and inspector's activities, as noted in Section 16.7 of this chapter.

The activities of the engineer and inspector may vary considerably depending on the terms of the contract; such as, end result specifications; method specification; types of measurement and payment clauses; experience of the contractor; complexity of the work; adequacy of the plans and specifications; protection of the public; and other factors. The local agency shall assign the necessary personnel to the project to assure that all the requirements of the contract are being fulfilled.

The primary responsibility for assuring the contractor's compliance with the DBE commitments approved prior to award rests with the local agency's DBE Liaison Officer and Resident Engineer (RE). The Resident Engineer should ascertain that no one other than the approved DBE contractors are performing the work, and that DBE subcontractor substitutions have been approved in advance.

When a problem arises, the Resident Engineer may request assistance or clarification from the DLAE. The DLAE shall evaluate staff availability and determine if assistance can be provided. It is recommended that Chapter VI of the Caltrans *Construction Manual* be reviewed for more specific activities relating to roadwork. For structure work the State's *Bridge Construction Records and Procedures Manual* contains much technical reference material.

The local agency's DBE Liaison Officer and his/her reporting manager are to be immediately advised of any circumstances wherein a contractor appears to be violating the approved DBE commitments. The Liaison Officer shall investigate and recommend any corrective action needed. The RE is responsible for resolving contractor violations by verifying that corrective action was completed. If corrective action cannot be achieved then termination of the contract should be pursued. Noncompliance with the DBE requirements may result in withholding of funds by Caltrans or by the administering agency on the items already completed if permitted in the Special Provisions of the contract (see Chapter 9, *Civil Rights and Disadvantaged Business Enterprises*, of this manual).

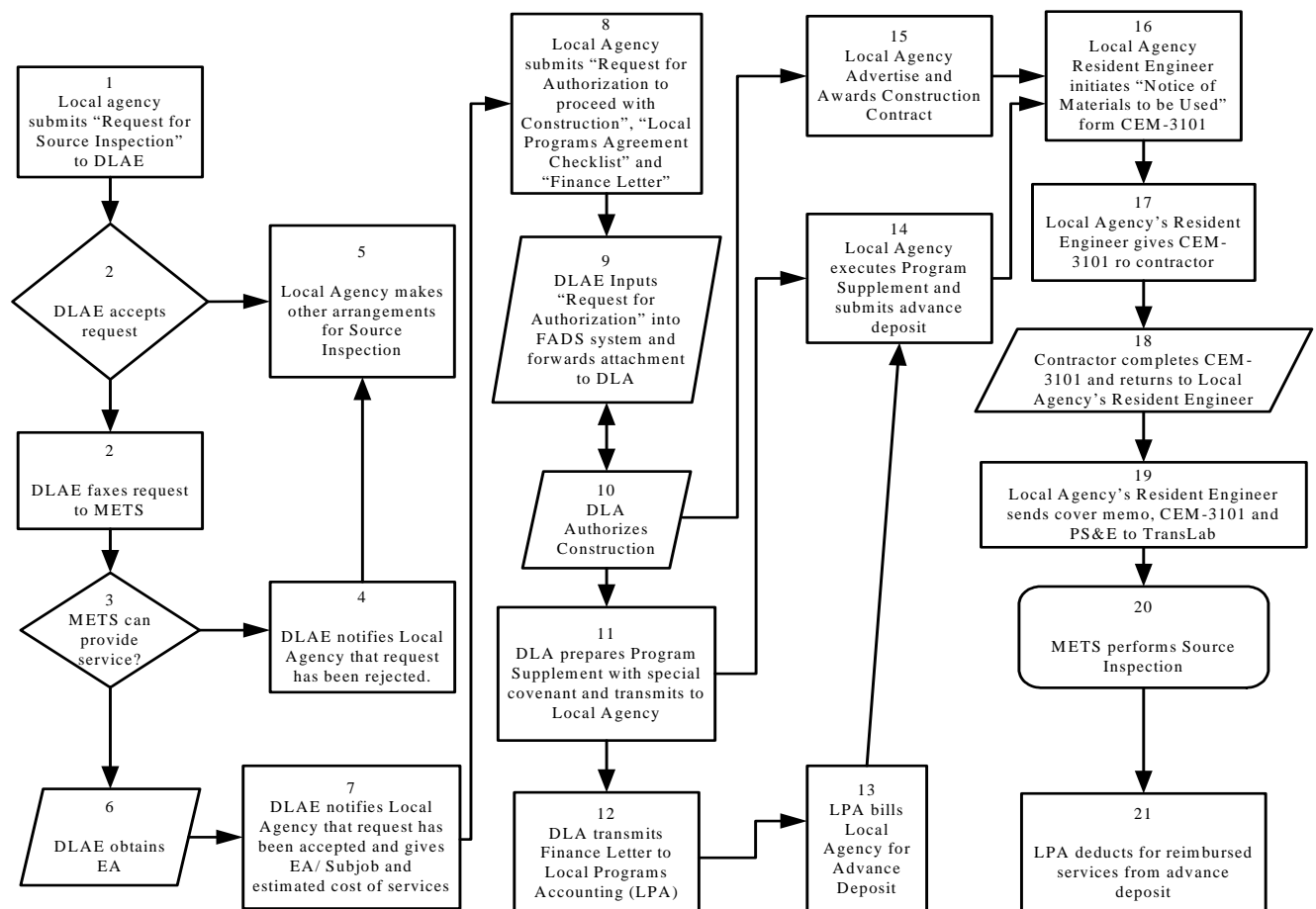
16.4 PRE-CONSTRUCTION CONFERENCE AND PARTNERING

PARTNERING

Partnering is a relationship between the local agency and the contractor, formed in order to effectively complete the contract to the benefit of both parties. The purpose of this relationship is to maintain cooperative communication and to mutually resolve

17. Resident Engineer gives CEM-3101 to the contractor to fill out the bottom portion.
18. Contractor completes the bottom portion and returns CEM-3101 to the Resident Engineer.
19. Resident Engineer sends "Cover Memo" (see Exhibit 16-W), the CEM-3101 and one set of PS&E, to Caltrans HQ Office of Materials Testing & Engineering Services, MS # 5, 5900 Folsom Blvd., Sacramento, CA 95819.
20. METS inspector performs source inspection, see Caltrans *Construction Manual*, Section 8-02-1 for the Source Inspection procedures.
21. LPA deducts reimbursed services from the advance deposit. After LPA deducts for the reimbursed services any remaining funds will be refunded to the local agency. Or, the local agency will be billed for any Caltrans' Source Inspection services provided that was not covered by the advance deposit.

Source Inspection Procedures



REPORTING TEST RESULTS

The following are goals for reporting material tests results to the Resident Engineer:

- When the aggregate is sampled at materials plants, test results for Sieve Analysis, Sand Equivalent and Cleanness Value should be submitted to the Resident Engineer within 24 hours after sampling.
- When materials are sampled at the job site, test results for compaction and maximum density should be submitted to the Resident Engineer within 24 hours after sampling.
- When soils and aggregates are sampled at the job site, test results for Sieve Analysis, Sand Equivalent and Cleanness Value should be submitted to the Resident Engineer within 72 hours after sampling.
- When soils and aggregates are sampled at the job site, test results for “R” Value and asphalt concrete extraction should be submitted to the Resident Engineer within 96 hours after sampling.

When sampling products such as Portland Cement Concrete (PCC), cement-treated base (CTB), asphalt concrete (AC), and other such materials, the time of such sampling shall be varied with respect to the time of day insofar as possible, in order to avoid a predictable sampling routine. The reporting of AT test results for tests not performed by the Resident Engineer staff shall be done on an expedited basis such as by fax or telephone.

INDEPENDENT ASSURANCE SAMPLING AND TESTING

The primary purposes of independent assurance samples and tests (IAST) are:

- To verify that project sampling and testing of materials is performed correctly (i.e., test the tester)
- To ensure that equipment is properly calibrated

NHS Projects

Independent assurance sampling and testing is mandatory for **all NHS projects**. Caltrans shall perform the IAST requirement. The local agency Resident Engineer shall schedule on a timely basis with the Caltrans Materials Engineer, the independent assurance testing of his/her personnel responsible for the acceptance testing on the project. The frequency of IAST tests to be performed or witnessed by the IAST personnel are listed in the *Quality Assurance Manual*.

Independent assurance samples are taken at random for the purpose of making independent checks on the reliability of the acceptance test results. Generally, acceptance sampling and testing personnel shall go to a central location to have IAST conducted. Both independent assurance test samples and acceptance test samples should be taken from the same point in the material delivery process, and normally are split samples for purposes of comparing test results between the IAST and field laboratory (acceptance) tester. IAST does not have to be performed on materials actually incorporated into the work. The tests, however, shall be performed while a project is active and the same AT tester and testing equipment shall be used for the project. The split sample is to be tested separately by the field laboratory person and by the IAST laboratory person using separate equipment. Independent assurance samples are to be tested on equipment that is not assigned to the project.

(b) Federal funds will participate in contract claim awards to the extent that any contract adjustments made are supported, and have a basis in terms of the contract and applicable state law, as fairly construed. Further, the basis for the adjustment and contractor compensation shall be in accord with prevailing principles of public contract law.

(c) Federal funds can participate in interest associated with a claim if three conditions are met:

- The interest must be allowable by statute or specification
- The interest is not the result of delays caused by dilatory action of the local agency or contractor
- The interest rate does not exceed the rates provided for by statute or specification

(d) Acts of local agency employees involved in contract administration and contract plan preparation matters, which subsequently give rise to claims are reimbursable to the extent the actions are reasonable and within the standards of the profession. Federal funds will not participate if it has been determined that local agency employees, officers, or agents acted with gross negligence, or participated in intentional acts or omissions, fraud, or other acts not consistent with usual local agency practices in project design plan preparation or contract administration.

(e) Federal funds will not participate in such cost items as consequential or punitive damages, anticipated profit, or any award or payment of attorney's fees paid by a local agency to an opposing party in litigation; and in tort, inverse condemnation, or other claims erroneously styled as claims "under a contract."

(f) In those cases where the local agency receives an adverse decision in an amount more than the local agency can support prior to the decision or settles a claim in an amount more than the local agency can support; the contract claim award is eligible for federal-aid participation up to the appropriate federal matching share, to the extent that it involves a federal-aid participating portion of the contract, provided that:

- The DLAE was consulted and concurred in the proposed course of action
- All appropriate courses of action had been considered
- The local agency pursued the case diligently and in a professional manner

ADDITIONAL FUNDS

If contract claim defense and or award costs will exceed the amount of federal funds authorized for the project, the local agency should contact the DLAE for assistance. For regionally programmed federal-aid funds (RSTP, CMAQ, etc.) the RTPA or MPO must be involved in authorizing additional funds. For state discretionary funds (HBRR, Local Seismic, HES, etc.), the DLA will make the determination. Many of these programs may also require CTC approval for the additional funds. Caltrans *Local Assistance Program Guidelines* (LAPG) should be consulted for procedures for obtaining funding from the various local assistance funding programs.

Generally, the local agency must take action to settle the claims that are deemed to have merit first, and then initiate the request for the additional funds. However, if estimated claim defense costs alone will exceed available funds, approval for the additional claim defense costs may be obtained in advance, depending on the funding program. If approval is received, the DLAE will initiate authorization of the

additional federal funds upon receipt of a "Request for Authorization," and copies of a revised finance letter and detail estimate. It is important to note that while additional funds may be authorized and obligated, reimbursement of costs is still subject to the standards described in this manual.

Upon resolution of all contract claims, if additional federal funding is required, the DLAE will review the documentation and recommend the appropriate action depending on program constraints and the circumstances of the claim settlement. The adequacy of the local agency's project supervision and inspection, including the keeping of proper records, will be considered in this determination.

INVOICES

Claim defense costs are considered construction engineering if incurred before the final invoice and should be included in progress billing invoices prepared and submitted directly to Caltrans, Accounting Service Center (ASC) in Sacramento (see Chapter 5, *Accounting/Invoices*). These will be reviewed by the ASC and paid up to the limits of the project authorization.

Contract claim awards are billed as construction contract costs. These costs are usually not known until the final invoice is prepared. Claims awards costs are included in the Final Invoice, Final Detail Estimate, and reported on the CCO Summary. These documents are included in the mandatory Report of Expenditures submitted to the DLAE (see Chapter 17, *Project Completion*). Documentation of approvals from the appropriate fund manager for additional funds, if required, shall also be included in the Report of Expenditures.

Upon receipt of the Report of Expenditures, the DLAE will accept the local agency certification regarding the accuracy of the reported costs and approve payment after verifying the project was completed in accordance with the scope described in the project authorization.

DOCUMENTATION

The local agency shall document the determination of participation by setting forth in writing the legal and contractual basis for the claim, together with the cost data and other facts supporting the award or settlement. Federal-aid participation shall be supported by an audit of the contractor's actual costs unless; (1) the costs can be substantiated with project records; or (2) the audit would not be cost effective. Where difficult, complex, or novel legal issues appear in the claim, such that evaluation of legal controversies is critical to consideration of the award or settlement; the local agency shall include in its documentation a legal opinion from its counsel setting forth the basis for determining the extent of the liability under local law, with a level of detail commensurate with the magnitude and complexity of the issues involved.

All contract records must be retained by the local agency for a minimum period of three years from the date of final payment.

RECOVERY OF COMPENSATORY DAMAGES

In cases where local agencies affirmatively recover compensatory damages through contract claims, cross-claims, or counter claims from contractors, subcontractors, or their agents on projects on which there was federal-aid participation, the federal share of such recovery shall be equivalent to the federal share of the project or projects

SAMPLE COVER MEMO
SOURCE INSPECTION REQUEST
FROM LOCAL AGENCY's RESIDENT ENGINEER to CALTRANS' OFFICE of MATERIALS
ENGINEERING AND TESTING SERVICES
(Prepared by Applicant on Applicant Letterhead)

To: Office of Materials Engineering & Testing
Services, MS #5
California Department of Transportation
5900 Folsom Blvd.
Sacramento, CA 95819

Date: _____

EA: _____

Project Number: _____

Project Description: _____

Subject: *(Source Inspection for Project Name, County)*

We are requesting that Caltrans provide Source Inspection (reimbursed) services for the above-mentioned project. We requested and received prior authorization for this service from our district Local Assistance Engineer, as noted by the attached approval memo from District Local Assistance Engineer.

Please find the following documents enclosed as required:

1. Completed CEM-3101
2. One set of PS&E

Any question you might have about the materials, to be inspected, should be directed to: _____, at _____ (phone #) _____.

(Applicant Representative Name)

(Title)

(Local agency, name & address)

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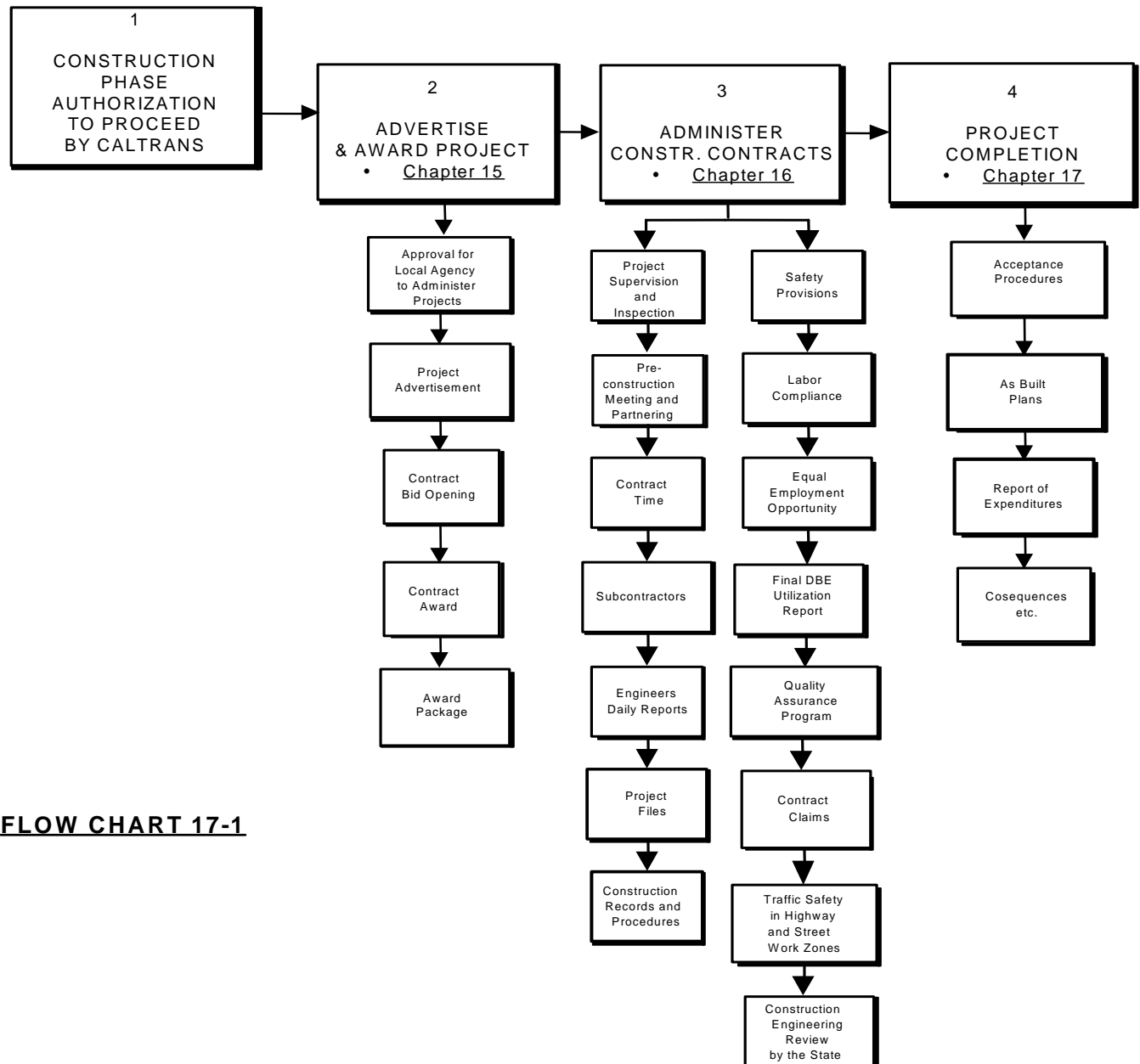
EXHIBITS CONTINUED

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CHAPTER 17 PROJECT COMPLETION

17.1 INTRODUCTION

This chapter covers the topic of project completion. It is to be used mainly as a guide for administration of federal-aid contracts by local agencies. Each Resident Engineer should be familiar with the contents of this chapter, and Chapters 15, *Advertise and Award Project*, and Chapter 16, *Administer Construction Contracts*, before administering such contracts.



FLOW CHART 17-1

This chapter and Chapters 15, *Advertise and Award Project*, and Chapter 16, *Administer Construction Contracts*, of this manual are for the use of local agencies, which administer federal-aid projects under a “Local Agency-State Agreement.” These three chapters cover general contract administration procedures.

When a locally sponsored project funded with federal-aid is within the state R/W and the State (Caltrans) is the administering agency, the Caltrans’ *Construction Manual* is normally used in lieu of these procedures.

17.2 DEFINITION OF TERMS

- EEO - Equal Employment Opportunity
- Final Invoice - Invoice listing final cost incurred for a particular phase of the project i.e. Preliminary Engineering, Construction Engineering, Right of Way, or Construction. The DLAE is required to verify project completion and approve payment before forwarding the final invoice to Local Programs Accounting (LPA). For example see Exhibit 17-C, and refer to Chapter 5, *Accounting/Invoices*, for instructions.
- Full Oversight - Projects on the Interstate that are new or reconstruction (not 3R) greater than \$1 million for which FHWA has Full Oversight.
- Form FHWA 1446C - Final Inspection of Federal-aid Project. Document used by Caltrans to complete the final inspection of NHS Projects subject to FHWA Full Oversight. (Exhibit 17-B).
- Form FIF-6/05 - Final Inspection Form and revision date. Document used by local agency to complete the final inspection of all projects (Exhibit 17-C).
- Progress Invoice - Periodic billing invoice by local/regional agencies for reimbursement of costs on on-going contracts.
- Report of Expenditures - Collectively refers to various final report documents.
- State-Authorized Project – A classification for federal-aid projects, which are not subject to FHWA review and oversight required by Title 23 Code of Federal Regulations. For State-Authorized federal-aid projects, the FHWA and Caltrans exercise the maximum degree of delegation or authority to local agencies (see Chapter 2, Section 2.4, *Stewardship – Letters of Agreement*, and Figure 2-1, *FHWA Oversight*).

17.3 FINAL INSPECTION PROCEDURES FOR FEDERAL-AID PROJECTS

Local agencies should document fulfillment of environmental mitigation commitments for final inspection Report of Expenditures and ultimate accountability. In addition, they should acknowledge any long-term commitment to maintenance of those mitigation measures.

STATE-AUTHORIZED PROJECTS

Final Inspection by Local Agency - The local agency representative or his/her staff shall make the final inspection using Final Inspection Form FIF-6/05, (see Exhibit 17-C). The local agency representative or staff performing final inspection or signing the Final Inspection Form shall be one with authority for accepting the completed contract on behalf of the local agency and authorizing final payment to the contractor, as well as directing corrective action(s) to be undertaken by the contractor.

The inspection of work performed by contract shall be made sufficiently in advance of contract acceptance to allow time for possible corrective action. Neither FHWA nor Caltrans inspection is required at this time.

The construction contract may not include all of the work contemplated in the project authorized such as striping by day labor. This work should nonetheless be completed in a timely manner.

Upon successful completion of all corrective action undertaken by the contractor, acceptance of the contract, and completion of all additional work required for the authorized project, the local agency representative should complete Items 1-10 of the Final Inspection Form and forward it to the Caltrans DLAE.

Project Verification by DLAE - The DLAE, or his/her staff depending on the district organization and type of project, will review the job site and verify that the project was constructed in accordance with the scope and description of the project authorization document. Any safety, design or construction deficiencies noted should be immediately brought to the attention of the local agency for correction, or resolution. Upon satisfactory review by Caltrans staff, the DLAE shall ensure that Items 1-10 have been completed by the local agency prior to completing Items 11-13 on the Final Inspection Form. The DLAE shall retain the Final Inspection Form and send a copy to the local agency for the Report of Expenditures.

FHWA FULL OVERSIGHT (NEW OR RECONSTRUCTION >\$1 MILLION)

Final inspection of major NHS projects shall be in accordance with written construction administration procedures discussed in Section 15.3 of this manual. All other NHS projects subject to FHWA Full Oversight shall be in accordance with the following:

Final Inspection by Local Agency - NHS subject to FHWA Full Oversight will require a final inspection by the FHWA. To initiate this inspection, the local agency will make the final inspection as described above for State-Authorized projects, accept the construction contract and submit the signed Final Inspection Form FIF-6/05 and reduced plan cover sheet and typical cross sections to the Caltrans Oversight Engineer (OSE) immediately upon completion of all work in the project authorization.

Project Verification by OSE - Upon receipt of the Local Agency Final Inspection Form, the OSE shall verify that the project has been completed as described in the plans and specifications. The OSE shall then transmit the necessary documents to the FHWA Transportation Engineer.

Final Inspection by FHWA - The final inspection by FHWA will be coordinated by the OSE in accordance with Caltrans "*Oversight Field Engineer Guidelines*".

The DLAE shall receive from the OSE the "Report of Expenditures" prior to the DLAE processing the local agency's final project invoice.

17.4 AS BUILT PLANS

On locally administered contracts the resident engineer shall provide the DLAE a set of original structure tracings with "As Built" corrections; or a clear, readable, black-line copy of the original tracings with "As Built" corrections. The "As Built" corrections shall be made by the engineer responsible for structure work. These shall be forwarded by the DLAE to the Division of Structures with a copy of the Report of Completion of Structures (Exhibit 17-J). These shall be returned to the local agency after microfilming, if requested.

"As Built" corrections for the roadwork portion of the plans should be recorded in accordance with local agency requirements.

17.5 REPORT OF EXPENDITURES

The local agency is responsible for preparing and submitting to the DLAE final report documents which collectively constitute a "Report of Expenditures." This report provides key information required to initiate timely project closure and payment. The Report of Expenditures is due at the completion of the project. Deadline for submittal of the Report(s) is six (6) months after project completion. If timely submittals are not received Caltrans shall initiate actions discussed under Section 17.6, *Consequences for Non-Compliance*. The "Report of Expenditures" shall be signed by the public employee in responsible charge of the project.

FEDERAL-AID PROJECTS

For federal-aid projects, the Report of Expenditures includes, as a minimum, the following documents:

- **A Cover Letter and Federal Report of Expenditures Checklist** (Exhibit 17-A) - Identifies all mandatory documents to be included in the Report of Expenditures. This checklist shall be submitted by the local agency with the report of completion. Copies of all documents included in the report of expenditures shall be maintained on file at the local agency for any future audits as specified in the Master Agreement and Program Supplement, and to serve as verification that contractor labor requirements were met.

- **Final Inspection Forms**

1. **Final Inspection Form FIF-6/05** (Exhibit 17-C) - This form when completed by both the local agency and the DLAE or OSE (SHS projects) shall be included as part of the Federal Report of Expenditures for all projects.
- **Final Invoice** - Final Invoice should conform to the format in Exhibit 17-D. Submit one original. The Final Invoice **must** agree with the Final Detail Estimate.
 - **Final Detail Estimate** - The format of the final detail estimate is the same as presented in Chapter 15, Section 15.7, *Award Package*, except that it must be labeled "Final" and show the total of previous progress payments plus the final invoice. The local agency shall prepare the final detail estimate. If claims are still pending, the final detail estimate should not be prepared until the claims are resolved. The final detail estimate must agree with the final invoice. State costs (Example: state material testing) should not be included in the final detail estimate prepared by the local agency. Once claims are settled, the final invoice and a final detail estimate shall be submitted to the DLAE as part of the Report of Expenditures.
 - **Change Order Summary** - The Change Order Summary should conform to sample form in Exhibit 17-E. This is required regardless of whether or not change orders were made during the course of the contract. If there were none, please note "none." Additionally, the following mandatory items of information must also be included on this form:
 1. **Liquidated damages** - Indicate the liquidated damage days charged (calendar days) if any, the amount per day, and the total amount charged. Refer to Chapter 16, *Administer Construction Contracts*, Section 16.15, *Claims*, for contractor's claims procedures. If there were no liquidated damages, please note "none." Liquidated damages shall also be shown on the Final Invoice and Final Detail Estimate.
 2. **Contractors Claims** - Refer to Chapter 16, *Administer Construction Contracts*, Section 16.15, *Contract Claims*, for contractor's claims procedures. If there were no contractor's claims, please note "none."
 3. **Date of acceptance**
 - **Final Report, Utilization of Disadvantaged Business (DBE) and Woman-Owned Business Enterprise** (Exhibit 17-F) - This form shall be completed and signed, and it shall be in conformance with the requirements in Chapter 9, *Disadvantage Business Enterprises*. The completed form shall be submitted to the DLAE or OSE (SHS projects) with the final report of expenditures for construction contracts (or as specified in the provisions for consultant contracts).
 - **Disadvantaged Business Enterprises (DBE) Certification Status Change** (Exhibit 17-O) - This form shall be completed, signed, and submitted to the DLAE or OSE (SHS projects) with the final report of expenditures for construction contracts (or as specified in the provisions for consultant contracts). If no change, state so.
 - **Materials Certificate** (Exhibit 17-G) - This certificate (commonly referred to as the "Materials Certificate") is to be included in the project files upon completion of the project. Exceptions to the certification should be documented in project records in summary form along with explanations and attached to the certificate, including change orders to accept nonconforming materials.

- **Statement of Materials and Labor Used by Contractors Involving Federal Funds FHWA - Form 47** (Exhibit 17-H) - This report is required for all NHS projects over \$1.0 million, except for force account, installation of protective devices, and railroad grade crossings or highway beautification.¹ Contract provisions require that the prime contractor complete and submit one combined or aggregate report for each subcontractor at or near completion. The local agency RE should check the completed form for reasonableness and accuracy. The DLAE should also review for reasonableness and accuracy and forward to DLA (who will maintain a file) for submission to FHWA headquarters. Instructions for completing the form are provided on the reverse side, as is the address for FHWA. This information can be submitted either in hard copy or electronically. The FHWA has developed personal computer software to automate the FHWA-Form 47 input. Copies of the software can be obtained from the DLAE and used by agencies who prefer to submit the information electronically.
- **Cover Letter and Report of Completion of Structures on Local Streets and Roads** (Exhibits 17-I and 17-J) - This report is to be forwarded by the DLAE to the Engineering Service Center: Division of Structures, Office of Structures Maintenance and Investigations Local Assistance Branch, for projects which include a bridge or other major structure. This information is necessary to incorporate all bridges into the statewide inventory and maintenance management system. (Include two (2) copies in the Report of Expenditures).
- **Report of Completion of Right of Way Expenditures** - Projects with Right of Way expenditures require additional information in the Report of Expenditures. When the project is complete, a summary of the progress payment requests is submitted on a Report of Completion of Right of Way Expenditures, Form FM 1592A (see Exhibit 17-K). This claim should be submitted when final right of way costs are known in order to expedite audit of the claim and reimbursement. The report shall also include the following:
 1. A parcel list.
 2. Final maps (those that come with Right of Way Certification if not previously sent).
 3. A breakdown of Right of Way costs (with participating costs shown separately). The total participating costs should equal the "Participating Costs to Date" as shown on the Final Progress Payment Request (Form FM 1592A).
 4. Final Invoice for Right of Way - The invoice must be prepared on an agency letterhead; each phase must include:
 - a. All agency and project identification shown on the form including the Local Agency-State agreement number.
 - b. Dates and amounts of funding authorized for Incidental and Capital Outlay.
 - c. Period of expenditures (dates) for Incidental and Capital Outlay.
 - d. Cost breakdown for Incidental and Capital Outlay as follows:
 - Total Cost to Date
 - Rental Income
 - Nonparticipating Cost to Date
 - Subtotal - Participating Costs

¹ FHWA Division Administrator letter 7/2/96

- Participating Cost Previously Claimed
- Subtotal - Change in Participating Posts
- Reimbursement Ratio
- Amount of this Claim
- Invoice Total

Progress payment invoices shall be mailed directly to the Accounting Service Center in Sacramento at the address given in the example. No district review will be required for progress payments however, final payment invoices shall be submitted directly to the DLAE as part of the Final Report of Expenditures and will be reviewed by the district prior to payment. A final detail estimate is not required for right of way only projects, since the final report of expenditures document provides the information required.

- **Force Account Projects** - Projects with Force Account work also require a Report of Expenditures. These projects are usually emergency relief type and include emergency repair work. Other federal-aid projects may incorporate all, or a part of the project to be built using the force account method. A completed example of a Report of Expenditures for a project including Force Account Work is included as Exhibit 17-L. For more information on force account procedures, see Chapter 12, *PS&E*, under *Method of Construction*.

The DLAE shall perform a review of these documents for correct format and obvious errors and/or omissions. Upon verification that the Report of Expenditures is complete, the DLAE shall forward it to LPA for processing.

STATE FUNDED PROJECTS

For state funded projects, in state transportation programs such as the Environmental Enhancement and Mitigation (EEM) Program, the local agency shall complete the "Final Project Expenditure Report" (Exhibit 17-M). The report with the final invoice attached will be submitted to the DLAE.

Note: These programs were intended under the blueprint legislation as state only funded projects. However, due to varying circumstances of the state budget each year, and the variations of the State Highway Account, Caltrans at times may require projects in these programs to utilize federal-aid funds. When this occurs the Federal Report of Expenditures shall be completed as described under federal-aid projects above.

The DLAE will verify project completion as described for State-Authorized federal-aid projects, sign the report and, except for EEM projects, forward the original plus two copies to the Headquarters Division of Local Assistance.

For EEM projects, the DLAE will forward the original plus two copies of "Final Project Expenditure Report," to the of Local Programs Accounting, with a copy to the EEM Program Manager in the HQ Division of Local Assistance. Use "Final Report of Right of Way Expenditures" (Exhibit 17-N) for Projects involving the acquisition of real property or rights thereto with funds direct deposited into an escrow account. In this case, the DLAE will not verify project completion until the close of escrow is completed and the recordation of both the grant deed and the Agreement Declaring Restrictive Covenants (ADRC). A copy of the recorded grant deed(s) and the original ADRC will be attached to the final report of right of way expenditures.

17.6 CONSEQUENCES FOR NON-COMPLIANCE

Sanctions may be imposed by Caltrans on agencies that are found in noncompliance with the reporting requirements listed above in Section 17.5. The type of sanctions are further discussed in Chapter 19, *Process Reviews*.

If there is a discrepancy between the Final Invoice and Final Detail Estimate, the agency is notified by phone that a discrepancy exists and their payment will be delayed until it is resolved. If the problem cannot be resolved within (180) days, LPA shall bill the agency for all expenditures made on this project. If the local agency does not pay the accounts receivable bill within thirty (30) days, LPA shall initiate action with the State Controller to offset funds due the local agency.

If the local agency has previously included in their billing, items not reimbursable by the FHWA or over-billed progress payments that exceed the Final Estimates, the local agency shall be billed for the overpayment. The local agency shall pay the state's accounts receivable bill within thirty days or LPA shall initiate action with the State Controller to offset funds due the local agency. The same policy shall apply to those recommendations from Process Review Reports on applicable findings or the improper utilization of Disadvantaged Business Enterprises.

17.7 REFERENCES

23 CFR 635 subpart D
23 CFR 637 subpart B
23 CFR 640.113
23 CFR 635.126 and Section VI of FHWA Form-1273
Caltrans *Construction Manual*, Chapter III, Section 3-00, "Project Records and Reports"
Caltrans *Construction Manual*, Chapter VIII, Section 8-01, 8-02, and 8-03, "Sampling and Testing"
United States Code, Title 23 Chapter 1, Section 121, "Payment for States Construction"
FHWA "Construction Administration Group" at:
<http://www.fhwa.dot.gov/programadmin/contracts/index.htm>
FHWA "Construction and Maintenance" at:
<http://www.fhwa.dot.gov/construction/>

REPORT OF EXPENDITURES CHECKLIST

Federal-aid Project Number: _____

Project Name: _____

Project Location: _____

- () Final Inspection of Federal-aid Project (See Exhibit 17-B for FHWA Full Oversight projects) or Local Agency Final Inspection Form (See Exhibit 17-C for State-Authorized projects)
- () Final Invoice (See Exhibit 17-D)
- () Final Detail Estimate
- () Change Order Summary (See Exhibit 17-E)
- () Statement of the existence or absence of liquidated damages and/or contractor's claims(See Exhibit 17-E)
- () Date of completion: _____
- () Date of acceptance: _____
- () Final Report- Utilization of Disadvantaged Business Enterprise(DBE), First-Tier Subcontractors (See Exhibit 17-F)
- () Materials Certificate (Exhibit 17-G)
- () Statement of Materials and Labor Used by Contractors Involving Federal Funds, FHWA Form-47 (See Exhibit 17-H) (for all NHS projects > \$1.0 million, except for force account, installation of protective devices and railroad grade crossings, or highway beautification)
- () * Report of Completion of Structure (two copies) (*Shall include one set of "As Built" Plans*)(See Exhibit 17-I and Exhibit 17-J)
- () Disadvantaged Business Enterprises (DBE) Certification Status Change (Exhibit 17-O)

Note: A single submittal of all these documents will facilitate timely project closure.

* Additional documents required on bridge/major structural project or projects, which meet specified conditions (described under **Reports at Completion of Contract**). Send Original copy to structures

Distribution (all projects): (1) Original Report of Expenditures (2) Local Agency project files

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U.S. DEPARTMENT OF TRANSPORTATION FEDERAL HIGHWAY ADMINISTRATION FINAL INSPECTION OF FEDERAL-AID PROJECT CONSTRUCTED UNDER 23 U.S.C. 117		
INSTRUCTIONS: DLAE is to complete items 1 - 7 and submit original and three (3) copies to the Federal Highway Administration Division Office.		
1. PROJECT NO.	2. COUNTY	3. STATE
4. DESCRIPTION OF IMPROVEMENT AS PROGRAMMED		
5. CONTRACTOR'S NAME		6. CONTRACT AMOUNT \$
7. NOTICE OF COMPLETION: The above listed project has been completed and is ready for final inspection. SIGNATURE (DLAE OFFICIAL) _____ TITLE _____		
8. FEDERAL HIGHWAY ADMINISTRATION INSPECTION MADE BY		9. DATE OF INSPECTION
10. IN COMPANY WITH		
11. REMARKS		
12. SIGNATURE	13. TITLE	14. DATE

FORM FHWA-1446C

Distribution: Original and one copy to DLA for review and forward to FHWA (Prepared By District).

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CALIFORNIA DEPARTMENT OF TRANSPORTATION
Division of Local Assistance**LOCAL AGENCY
FINAL INSPECTION FORM**

INSTRUCTIONS: Local agency is to complete Items 1-10. DLAE completes Items 11-13 and submits original plus two (2) copies to the Division of Local Assistance.

1. PROJECT NO.:	2. DIST-CO-RTE-AGENCY:	3. COMPLETION DATE:
4. LOCATION OF IMPROVEMENTS AS PROGRAMMED:		
5. TYPE OF WORK:		
6. CONTRACTOR'S NAME:		7. CONTRACT AMOUNT:
8. DATE OF CONTRACT ACCEPTANCE		
<p>9. FINAL INSPECTION. The above listed project was completed and a final inspection has been made. The project was completed as programmed and in compliance with all state and federal requirements.</p> <p>(Check appropriate box)</p> <p><input type="checkbox"/> This project is State-Authorized and not subject to FHWA oversight. FHWA Final Inspection not required.</p> <p><input type="checkbox"/> This project is an FHWA Full Oversight. FHWA Final Inspection required.</p>		
SIGNATURE (Local Agency Rep)		DATE:
TITLE:		
10. REMARKS:		
11. DISTRICT REVIEW MADE BY (print name):		12. DATE OF PROJECT REVIEW:
<p>13. PROJECT VERIFICATION: This verification of completion also constitutes approval to pay costs shown in the Final Invoice included in the Report of Expenditures. The person listed above has reviewed the job site and found the project constructed in accordance with the scope and description of the project authorization document.</p>		
SIGNATURE: _____		DATE: _____
District Local Assistance Engineer/Oversight Engineer		

Form FIF-6/05

Distribution: (1) Original + two copies to Caltrans (2) Copy-retained by local agency

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SAMPLE REPORT OF EXPENDITURES FOR FORCE ACCOUNT PROJECTS

Mr. Joe Smoe
District Director of Transportation
Caltrans
P. O. Box 23660
Upickit, CA 99999

Federal Project No.: ER-1600 (040)

Attention: Mr. Roland N. DaWins, District Local Assistance Engineer

Dear Mr. Smoe:

Submitted for your consideration is:

REPORT OF COMPLETION
AND
REPORT OF EXPENDITURES
FOR LOCAL AGENCY FORCE ACCOUNT WORK
CITY OF
UPICKIT

Sincerely,

Max Competition
Local Agency Representative

Reviewed by,

Roland N. DaWins
District 13 Local Assistance Engineer

I. REPORT OF COMPLETION OF FORCE ACCOUNT WORK

A. Location and Description of Project

1. Work required per Traffic Management Plan approved by Damage Assessment Form (DAF) # KK569. On Green Bay Way from Bart Starr Avenue to Superbowl Road. Replace existing controllers at 15 intersections with solid State fixed time equipment capable of providing 4 signal timing plans and offsets. Adjust timing for Am inbound (NB) progression, PM outbound (SB) progression, special program for events at Candlestick Park and off-peak program

B. Chronological Statement

1. Date of approved Public Interest Finding (attached): 1/15/91
2. First date expenditure eligible for reimbursement: 12/23/91
3. Force account work began: 1/1/92
4. Force account work completed: 3/7/92

II. REPORT OF EXPENDITURES

- A. Liquidated Damages: None
- B. Pending Contractors Claims: None
- C. Contract Change Order Summary: None
- D. Final Inspection Form: Attached
- E. Final Detail Estimate: Attached
- F. Materials Certification: Attached
- G. Maps: Attached

(AGENCY LETTER HEAD)

Date:

Name, District Director
Department of Transportation
Street or P.O. Box
City, CA, Zip Code

Attention: Name, District Local Assistance Engineer

Final Project Expenditure Report
(For EEM or Proposition 116 Bicycle Program Projects)

Description/Location of Work:
Project Completion Date:
Expenditure Authorization:
Project Number:
State-Local Entity Agreement Number:

State Funds Allocated:Expenditure Incurred:Total \$

- A. Payment to Contractor
(Attach final pay estimate)
- B. Other Project Costs:
 - Preliminary Engineering
 - Construction Engineering
 - Any Additional Construction
 - Right of Way (Capital and Support)
- C. Liquidated Damages
- D. Outstanding Contractors Claims
- E. Others (specify)

Sources and Amounts of Additional Funds Used:State Funds Allocated But Not Used:

CERTIFICATION

I hereby certify that:

To the best of my knowledge and belief, the information in this report is a true and accurate record of project costs. The work was performed in accordance with the CTC approved scope and state funding for the project.

Title and Unit of Local Agency Representative

PROJECT VERIFICATION: This verification of completion also constitutes approval to pay costs shown in the Final Invoice included in the Report of Expenditures. I have reviewed the job site and found the project completed in accordance with the scope and description of the project authorization document.

District Local Assistance Engineer

Date: _____

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CHAPTER 20 DEFICIENCIES AND SANCTIONS

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CHAPTER 20 DEFICIENCIES AND SANCTIONS

20.1 INTRODUCTION

As outlined in earlier chapters, Caltrans will no longer be involved in most project level reviews and approval activities. The Process Review is now Caltrans' primary method of ensuring that federal and state requirements are met, (see Chapter 19, *Process Reviews*, in the *Local Assistance Procedures Manual* [LAPM]). During a Process Review of a local agencies project files or project site, errors and/or deficiencies could be found. If that happens, federal and/or state funds may be withdrawn from a project depending on the severity and circumstance of the deficiency.

It is important to note that the formal process review is not the only method of discovering project deficiencies. Errors or deficiencies are discovered occasionally as part of the normal routine of processing of project submittals by the District Local Assistance Engineers (DLAEs) or Division of Local Assistance Area Engineers.

This chapter is intended to assist local agencies that are involved in developing local assistance projects by providing examples of the deficiencies that have been found in the past and the possible ramifications for those errors or deficiencies. It should be understood that the examples given are by no means all inclusive. The key to avoiding possible sanctions is to follow the procedures outlined in this manual, the *Local Assistance Program Guidelines* (LAPG), and the *Standard Environmental Reference* (SER), and if you have any questions to consult your DLAE.

Section 20.4, *Local Assistance Dispute Resolution Process*, of this chapter also provides means for local agency to appeal a sanction that they feel has been imposed upon them unfairly or they feel the penalty is too harsh for the error or deficiency. This appeal process is not limited to just the appeal of sanctions; it can be used by local agencies when they are not satisfied with the decision they receive from a district office.

20.2 DEFICIENCIES

PROCEDURAL DEFICIENCIES

A Procedural Deficiency is defined as a finding that a local agency's practices and procedures fail to demonstrate sufficient familiarity for acceptable levels of conformance with procedures and required certifications defined in the LAPM. In addition to jeopardizing federal and/or state funding on completed or ongoing projects, certifications for future projects may be conditioned, or not accepted until the deficiencies are corrected.

Examples of some of the most common procedural deficiencies (found by Caltrans) are:

- Continued submission of Request for Authorization that contains errors and omissions (see Chapter 3, *Project Authorization*, in this manual).
- Continued submission of Preliminary Environmental Studies form that contains errors and omissions (see Chapter 6, *Environmental Procedures*, in this manual).

- Continued submission of Plans, Specifications & Estimate Certifications that contains errors and omissions (see Chapter 12, *Plans, Specifications & Estimate*, in this manual).
- Continued submission of Right of Way Certifications that contains errors and omissions (see Chapter 13, *Right of Way*, and Chapter 14, *Facility Utilities*, in this manual).
- Continued submission of Local Agency Contract Award Checklist that contains errors and omissions (see Chapter 15, *Advertise and Award Project*, in this manual).
- Failure of the local agency to comply with their approved Disadvantaged Business Enterprises (DBE) program, particularly with regard to policy, utilization of DBEs, monitoring, and reporting (see Chapter 9, *Civil Rights and Disadvantaged Business Enterprises*, in this manual).

MAJOR PROJECT DEFICIENCY

A Major Project Deficiency is defined as an error of commission or omission, which violates federal or state law or regulation, and if uncorrected, would prevent federal or state participation in all or a portion of the project.

Examples of some of the most common (found by Caltrans and FHWA) of Major Project Deficiencies (federal) are:

- Failure to initiate an environmental reevaluation after environmental clearance when changes in the scope of the project are proposed, or when new project environmental impacts surface due to changes in law or investigations, shall result in loss of all or part of the federal funding for the project (see Chapter 6, *Environmental Procedures*, in this manual).
- Failure to fulfill mitigation commitments and adherence to restrictions in the environmental document shall result in a loss of all or part of federal funding for the project (see Chapter 6, *Environmental Procedures*, in this manual).
- Right of Way activities in violation of the Uniform Relocation Assistance and Real Properties Policy Act, as amended, can result in all or partial loss of project funding. Project funding losses can result even if there are not federal funds in Right of Way but only in other phases (see Chapter 13, *Right of Way*, in this manual).
- Force Account/Day Labor work, without proper justification, is not reimbursable (see Chapter 12, *Plans, Specifications & Estimate*, in this manual).
- For Emergency Relief (ER) projects, billing for emergency opening but actually doing permanent restoration work can result in a loss of all or part of the federal funding for the project (see Chapter 11, *Disaster Assistance*, in the LAPG)

- In the absence of prior approval documentation, the use of publicly owned equipment, mandatory use of borrow/disposal sites, use of patented/proprietary materials, use of warranty/guaranties, and use of agency-furnished materials, shall make all or part of the construction phase ineligible for reimbursement with federal funds (see Chapter 12, *Plans, Specifications & Estimate*, in this manual).
- Failure to submit a “Material Certificate” shall result in a partial loss of funding for the construction phase. Failure to adequately document and address all exceptions to the certification will result in all or partial loss of reimbursement. Failure to implement an approved materials and testing program for the project will result in the loss of federal funds for the project (see Chapter 16, *Administer Construction Project*, and Chapter 17, *Project Completion*, in this manual).
- Failure to enforce the Contract DBE provisions with regard to utilization, substitution, or good faith determination and documentation will make all, or part of the construction phase ineligible for reimbursement with federal funds (see Chapter 9, *Civil Rights and Disadvantaged Business Enterprises*, in this manual).
- Failure to maintain the completed project (roadway and appurtenances constructed with federal funds and/or mitigation sites), or portions of the project shall result in repayment of all or a portion of the federal reimbursement. (See Chapter 18, *Maintenance*, in this manual).

Examples of some of most common (found by Caltrans) Major Project Deficiencies (State) are:

- RTPAs that use Exchange funds for non-Article XIX purposes or for other than projects will have to return the funds given to them (see Chapter 18, *Optional Federal Exchange and State Match Programs*, in the LAPG).
- Counties that use Exchange funds for other the non-Article XIX purposes will have to return the funds given to them (see Chapter 18, *Optional Federal Exchange and State Match Programs*, in the LAPG).
- On Environmental Enhancement and Mitigation (EEM) projects, reimbursable costs must be invoiced for by the end of the first state fiscal year following the fiscal year, during which funds were allocated by the CTC. Failure to comply will result in loss of the federal reimbursement (see Chapter 20, *Environmental Enhancement and Mitigation*, in the LAPG).

UNRECOVERABLE PROJECT DEFICIENCY

An Unrecoverable Project Deficiency is defined as “a deficiency of such magnitude as to create doubt that the policies and objectives of Title 23 of the USC (or other applicable federal codes) will be accomplished by the project,” (quote from “PS&E Certification”) and the project has proceeded to the point that the deficiency cannot be corrected. This level of deficiency shall result in the withdrawal of all, or a portion of the federal and/or state funds from the project.

Examples of some of the most common (found by Caltrans and FHWA) Unrecoverable Project Deficiencies (Federal) are:

- Projects that are not on an approved FTIP/FSTIP are not eligible for reimbursement with federal funds for any project activities prior to approval of the FTIP/FSTIP and project authorization (see Chapter 2, *Financing the Federal-Aid Highway Program*, in the LAPG.)

- Any preliminary engineering, right of way and construction activities done prior to authorization are not eligible for reimbursement (see Chapter 3, *Project Authorization*, in this manual).
- Violation(s) of permit requirements or conditions obtained as a requirement of the environmental process or failure to secure required permits and environmental approvals will result in a loss of all or part of the federal project funding (see Chapter 6, *Environmental Procedures*, in this manual).
- No pre-award audit for consultant contracts over \$250,000.
- Consultant contract awarded, but not through competitive negotiations, when a noncompetitive negotiated contract is not warranted.
- Design work (over and above what is required for the environmental document) prior to environmental clearance is not eligible for reimbursement with federal funds (see Chapter 3, *Project Authorization*, Chapter 6, *Environmental Procedures*, and Chapter 12, *Plans, Specifications & Estimate*, in this manual).
- Failure to include required contract provisions, Form FHWA-1273 and other contract provisions - certifications, in the bid documents shall make the construction phase of the project ineligible for federal reimbursement (see Chapter 12, *Plans, Specifications & Estimate*, in this manual).
- Right of Way Acquisition prior to environmental clearance (except for hardship and protection with FHWA prior approval) is not eligible for federal reimbursement (see Chapter 3, *Project Authorization*, Chapter 6, *Environmental Procedures*, and Chapter 13, *Right of Way*, in this manual).
- Additional costs resulting from incorrect statements on right of way certification are not eligible for federal reimbursement (see Chapter 13, *Right of Way*, in this manual).
- Failure to open the bids publicly, failure to read the bids aloud, or failure to discuss reason(s) for not reading bid(s) aloud shall make the construction phase ineligible (see Chapter 15, *Advertise and Award Project*, in this manual).
- Award of the construction contract to other than the lowest, responsive bidder for bids based on competition shall make the construction phase ineligible for reimbursement with federal funds (see Chapter 15, *Advertise and Award Project*, in this manual).
- Failure to evaluate good faith efforts for award of contract (see Chapter 9, *Civil Rights and Disadvantaged Business Enterprises*, in this manual).
- Negotiations with bidder(s) prior to award, except for force account projects, shall make the construction phase ineligible for reimbursement with federal funds (see Chapter 12, *Plans, Specifications & Estimate*, and Chapter 15, *Advertise and Award Project*, in this manual).
- Award of the contract to a suspended or debarred contractor shall make the construction phase ineligible for reimbursement with federal funds (see Chapter 15, *Advertise and Award Project*, in this manual).

- Failure of a local agency to provide adequate supervision (local agency or local agency's consultant adequately staffed and equipped to provide the construction engineering service required) to ensure the project is constructed in accordance with the plans and specifications, shall make the construction phase ineligible for reimbursement with federal funds (see Chapter 15, *Advertise and Award Project*, in this manual).
- When the local agency hires a consultant to provide construction-engineering services for a project, the local agency is still required to provide a full-time employee of the agency to be in responsible charge of the project. Failure to do so shall make the construction phase ineligible for reimbursement with federal funds (see Chapter 16, *Administer Construction Contracts*, in this manual).
- No public agency shall be permitted to bid in competition or to enter into subcontracts with private contractors (see Chapter 15, *Advertise and Award Project*, in this manual).
- No construction work shall be performed by convict labor at the work site or within the limits of any federal-aid highway construction project from the time of award of the contract or the start of work on force account until final acceptance of the work by the administering agency, unless it is labor performed by convicts who are on parole, supervised release or probation (see Chapter 12, *Plans, Specifications & Estimate*, in this manual).
- Any contract that includes provisions that requires a contractor to give any preference in hiring (with the exception of Indians living on or near a reservation on eligible projects) shall make the contract ineligible for federal reimbursement (see Chapter 12 *Plans, Specifications & Estimate*, in this manual).
- For local agencies that pay for equipment rental above approved equipment rental rates, the local agency will be responsible for the amounts above the approved rates (see Chapter 16, *Administer Construction Project*, in this manual).
- Permanently incorporating steel or iron or coatings thereon from a foreign source in amounts exceeding the minimal use provisions shall make the construction phase not eligible for reimbursement with federal funds (see Chapter 12, *Plans, Specifications & Estimate*, in this manual).
- For maintenance items performed by the contractor as a contract item or under a contract change order, those items shall not be eligible for federal reimbursement (see Chapter 12, *Plans, Specifications & Estimate*, in this manual).
- Payments to a contractor for items of work that was designated for a DBE but performed by others, and there is no documentation for the substitution that was approved, then those items shall not be eligible for reimbursement with federal funds (see Chapter 9, *Civil Rights and Disadvantaged Business Enterprises*, in this manual).
- Local agencies that do not enforce the requirement that the contractor posts all specified posters, notices, wage determinations, etc. at the job site will lose all or part of their reimbursement (see Chapter 16, *Administer Construction Contracts*, in this manual).

- Local agencies that do not enforce contract requirements, whether express or implied, relating to federal statutes and/or contract provisions pertaining to nondiscrimination, nonsegregated facilities, equal opportunity, health and safety and work site safety, Title VI, Davis-Bacon Act, Copeland Act, Clean Air Act as amended, Federal Water Pollution Control Act, Lobbying Certification, Noncollusion, False Statements, Buy America, On-the Job Training, or incorporating required contract provisions in subcontracts, etc., including reporting shall result in loss of all, or part of the federal reimbursement (see Chapter 12, *Plans, Specifications & Estimate* and Chapter 16, *Administer Construction Contracts*, in this manual).

Some most common examples (found by Caltrans) of Unrecoverable Project Deficiencies (State) are:

- Any capital work (right of way acquisition and construction) done on EEM and projects in advance of CTC's allocation vote is not eligible for reimbursement (see *Financial Guidelines for Local Agency Reimbursement*, in the LAPG).

20.3 SANCTIONS

All Major Project Deficiencies (until they are corrected) and Unrecoverable Project Deficiencies require sanctions by Caltrans. Process Review Committee or DLAE shall impose one of the following sanctions, depending on the severity and circumstances of the deficiency:

- Freeze on all future programming of federal or state funds until corrective action is implemented.
- Freeze progress payments for a federal-aid project until the project's Major Project Deficiency is corrected.
- Percentage of federal or state funds for a project withdrawn.
- All federal or state funds withdrawn from a project.

DLAE will be responsible for notifying the local agency of sanctions imposed.

Whether or not sanctions are imposed against a local agency, the local agency shall be expected to develop an action plan and implement it to correct the deficiencies. Local agencies will be given adequate time to develop and implement their action plan. Failure to correct the deficiencies in a timely manner shall be grounds for imposing additional sanctions.

20.4 LOCAL ASSISTANCE DISPUTE RESOLUTION PROCESS

The Local Assistance Dispute Resolution Process should be used by local agencies to appeal sanctions or when they are not satisfied with the decision they receive from a district office.

The Local Assistance Dispute Resolution Committee (LADRC) was established to consider issues related to locally sponsored projects on the State Highway System (SHS) funded by local sales tax measures (and other local/private sources) and locally-sponsored projects either on or off the SHS funded by federal-aid and/or state funds, such as EEM, TE, CMAQ, RSTP, etc. Issues may include disputes between Caltrans and a local agency regarding : (1) sanctions, (2) invoices, (3) local assistance policy and procedure, (4) cooperative agreement requirements, or (5) any other dispute not covered by existing Intergovernmental Review (IGR) process, Encroachment Permit denial appeal process or Disagreements over project scope, concept and design standards for projects on the SHS.

Members of the LADRC are the following:

- Chief, Division of Local Assistance (chairperson)
- Other members selected by the chairperson. These members will be at or below Chief, Division of Local Assistance level with expertise on the issue.
- Chief Counsel, Legal Division (advisor to the committee)

District Directors are encouraged to establish their own dispute resolution procedure in their district. The LADRC should only be used after the District Director has rendered a decision to a local agency, or the Process Review Committee has imposed a sanction, and the local agency desires to appeal that decision. When this occurs, the “Dispute Resolution Procedures” below should be used.

DISPUTE RESOLUTION PROCEDURES

After an impasse is reached between Caltrans District Director and the local agency, and the local agency desires further Caltrans review of the issue, the following procedures should be used:

1. The local agency shall submit a written request for appeal review to the LADRC chairperson, through the District Director. This is true even for sanctions because the districts are the main focal contact point between Caltrans and local agencies.

The request must fully describe the project issues where there is a disagreement between Caltrans and the local agency. The request should include the following:

- A detailed statement of local agency’s position on the issue.
- Any backup for the position statement, including maps, plans, invoices, agreement(s) (draft and/or executed), pictures, and other material needed to give a full picture of the disputed issue.

2. The district shall forward the local agency's request to the LADRC chairperson, accompanied by a memorandum prepared by the district describing what steps have been taken by the district to resolve the issue(s). The memorandum shall also include the following:
 - An overview of the issue, including any additional maps, plans, invoices, agreement(s) (draft and/or executed), pictures, and other material needed to give a full picture of the disputed issue that was not included in the local agency's request
 - A detailed discussion of the items that are in dispute with references to sections in the manuals and policy memos that support Caltrans' position
 - The district's recommendation on the disputed items

The district will send the memorandum to the LADRC chairperson within two weeks of receipt of the written request from the local agency.

3. The request will be reviewed by the DLA, acting as staff to the chairperson, to determine if LADRC review is needed. DLA will make their determination within two weeks.
4. If sufficient grounds for a meeting are evident, the chairperson will schedule a meeting of the LADRC within two weeks of the decision to convene a meeting.

The appropriate parties (local agency, district representative(s), headquarters representative(s), committee members, and others the chairperson feels appropriate) shall be contacted to attend the meeting. If the chairperson does not find sufficient grounds for a meeting, the chairperson will respond in writing through the district to the local agency why there are not sufficient grounds for the meeting.
5. At the meeting, the local agency and the district representative(s) will be asked to give a brief overview of the project and a discussion of the items in dispute.
6. After all information has been presented and discussed; the LADRC will take the issue(s) under advisement and adjourn the meeting.
7. After evaluating all the information that has been provided, and after consultation with appropriate Deputy Directors and the Director, if necessary; the LADRC chairperson will make a final determination and notify the local agency and the district of the decision in writing within two weeks of the LADRC meeting.

IMPLEMENTING THE LADRC'S DECISION

If the local agency is agreeable to the solution, the district shall work with the local agency to see that the solution is implemented.

If the local agency is not agreeable to the solution, they may drop the issue or pursue further appeal outside of Caltrans. There are no further appeals within Caltrans.

CHAPTER 1 INTRODUCTION/OVERVIEW

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CHAPTER 1 INTRODUCTION/OVERVIEW

1.1 PURPOSE

The purpose of this Program Guidelines manual is to provide local project sponsors with a complete description of the federal and state programs available for financing local public transportation-related facilities. Each program is discussed in detail and addresses such topics as: project eligibility, project selection process, funding levels, key decision makers, significant dates, relevant statutory references and related publications.

With the 1997 state enactment of Senate Bill 45 (SB 45) and the enactment of the 1998 federal “Transportation Equity Act for the 21st Century” (TEA-21), new programs and increased funding levels have become available for local transportation projects.

Exhibit 1-A *State & Federal Programs Available for Local Transportation Projects*, illustrates the various federal and state programs available for financing local transportation projects and the typical annual funding level for each of the programs. Note that state program funding levels are subject to inclusion in the annual state budget approved by the Governor.

Exhibit 1-B, *Local Assistance Programs*, lists the various federal and state programs available for financing local transportation projects and includes a brief discussion of the programs and the eligible uses of the funds.

1.2 BACKGROUND

On September 12, 1997, the Governor signed SB 45, making substantial changes in the State’s transportation programming process.

SB 45 was enacted with the following basic objectives:

(SB 45 amended, added, and repealed sections 14523-55 and 65071-86 of the Governmental Code, 99310-18 of the Public Utilities Code, and 163-7, 188, 199 and 2600-02 of the Streets and Highways Code.)

- Preserve the basic planning and programming process, avoid legislative budgeting of projects, while changing the State Transportation Improvement Program (STIP) from a project delivery document to a resource management document.
- Transfer transportation decision-making responsibility to those who are closest to the problem.
- Eliminate artificial constraints and barriers to programming.
- Place state highways, local roads and transit projects on equal footing for access to support costs.
- Recognize the Caltrans role as owner-operator of the State Highway System (SHS), while removing Caltrans from lead responsibility for resolving urban congestion problems created largely by local decisions.
- Provide incentives for regional accountability for the timely use of funds.
- Retain the California Transportation Commission (CTC) role as guardian of state capital dollars, with responsibility for determining how best to manage those dollars in a wise and cost-effective manner.

On June 9, 1998, the President signed TEA-21 authorizing highway, highway safety, and other surface transportation programs for the next six years, which significantly increased federal funding authorizations for state and local highways, and mass transportation. Federal funds allocated to California and available for state, local, and mass transportation projects have increased to approximately \$2.5 billion annually.

The types of projects and activities now eligible for federal funding provide state and local governments with unprecedented flexibility in developing a mix of highway, transit and other alternatives to address statewide, regional and local transportation needs.

The CTC intends to carry out these objectives through its guidelines, stressing accountability and flexibility.

1.3 ROLES OF THE LOCAL AND REGIONAL AGENCIES

Cities, counties, Metropolitan Planning Organizations (MPOs), Regional Transportation Planning Agencies (RTPAs), and other authorities work independently as well as with Caltrans in the development of long and short-range improvement plans. The role of local communities in the design of transportation improvement programs and selection of projects has continued to expand through the enactment of ISTEA, TEA-21, and SB 45. Transportation planning begins at the city and county level with the inclusion in their “General Plan” of a transportation (circulation) element. The key in local decisions is land use issue. The transportation elements developed in a local General Plan are incorporated along with air, water, congestion and environmental concerns into planning and programming documents developed by RTPAs and Metropolitan Planning Organizations (MPOs). Exhibit 1-C, *MPO RTPA Map*, is a map showing the location of MPOs and RTPAs in the state.

Transportation planning begins at the city and county level with the inclusion of a transportation element in a local “General Plan.” The transportation elements developed in a General Plan are incorporated along with other concerns into planning and programming documents that RTPAs and MPOs develop.

Various local agency specialty plans (e.g. air, water, land use, and congestion) influence and are incorporated (as needed) into the Regional Transportation Plan (RTP). An RTP is a 20-year transportation plan that describes policies, strategies, and needs. An RTP presents the local area’s vision for local multimodal transportation systems. RTPs are required by state and federal law. Caltrans cooperates in the development of the regional documents by providing expertise and information. RTPs must be consistent with FHWA and FTA planning regulations. These regulations impose conditions for receiving federal-aid funds that require each urbanized area to have a continuing, comprehensive and coordinated transportation planning process that results in RTPs and Federal Transportation Improvement Programs (FTIP) consistent with planned development of the area.

Key documents in transportation planning and programming are defined below. Also shown are an outline of roles and a flowchart overview of the planning and programming process. For more details, go to the Transportation Programming website at: www.dot.ca.gov/hq/transprog/.

RTIP: The Regional Transportation Improvement Program (RTIP) is the RTPA’s share of the state STIP and must be consistent with the RTP. Updated every two years, the RTIP is a five-year program identifying projects based on funding availability from the STIP fund estimate. Upon adoption by the RTPA, the RTIP is submitted to Caltrans for approval and incorporation into the STIP.

STIP: The State Transportation Improvement Program (STIP) is a five-year capital improvement program of transportation projects, on and off the State Highway System (SHS), funded with revenues from the State Highway Account (SHA) as well as other funding sources.

FTIP: Each of California's 18 MPOs prepares a Federal Transportation Improvement Programs (FTIP) that includes a three-year priority list of highway and transit projects that are federally funded or are of regional significance. FTIPs also include federally funded capital improvements to the regions' transit systems along with associated federal operating assistance programs.

STIP: Prepared by Caltrans in cooperation with the MPOs and RTPAs, the Federal Statewide Transportation Improvement Program (STIP) is a three-year statewide intermodal transportation program that contains all projects in California that are federally funded or regionally significant.

Local — Cities, Counties & Other Agencies:

- Cities and counties set land-use policy and nominate transportation projects for funding by the RTPA.
- Transit agencies, such as Bay Area Rapid Transit (BART) and Los Angeles County Metropolitan Transportation Agency (LACMTA), nominate projects for funding and deliver transportation services and improvements.
- Environmental agencies at the local, state, and federal level review transportation projects and issue permits to ensure transportation improvements comply with environmental law.

Regional — Metropolitan Planning Organization (MPO)

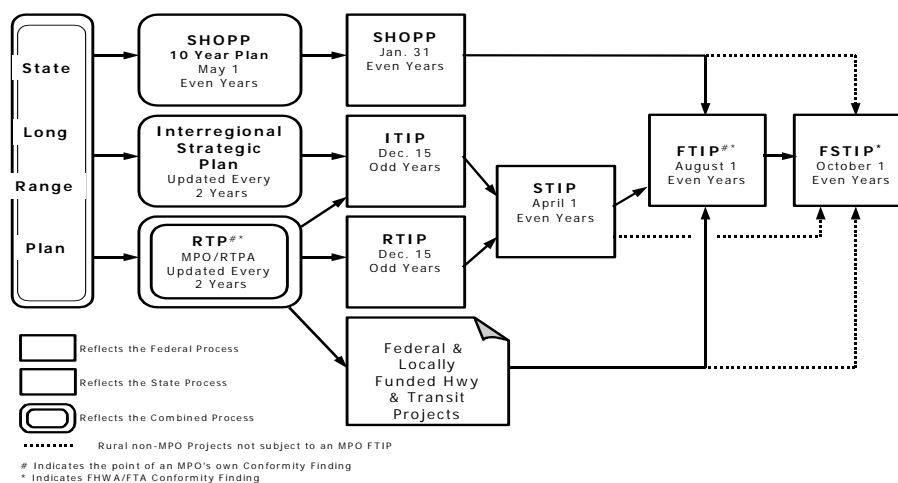
- Currently there are 18 MPOs in California.
- Prepares the 20-year RTP and selects projects.
- The Governor designates an MPO in every urbanized area with a population over 50,000.
- Federally required planning bodies, typically the same as an urban region's RTPA.

Regional — Regional Transportation Planning Agency (RTPA)

- Includes 48 agencies formed by special legislation, council/association of governments, and local transportation commissions.
- Administers state funds and allocates federal and local funds to projects.
- Selects projects for the Regional Transportation Improvement Program (RTIP) in the STIP.

PROCESS FLOWCHART

FEDERAL/STATE PLANNING & PROGRAMMING PROCESS



For more information, go to the Transportation Programming website at: www.dot.ca.gov/hq/transprog/.

1.4 FEDERAL PROGRAMS

The three major funding categories for local assistance projects are: the National Highway System (NHS), the Surface Transportation Program (STP) and the Congestion Mitigation and Air Quality Improvement Program (CMAQ).

NHS funds, typically restricted to projects located on the NHS, are programmed for local projects through the STIP. See Exhibit 3-A, *California Local Routes on the National Highway System*, in this manual for a complete listing of local routes on the NHS.

STP funds may be used on any public road except those functionally classified as local roads or minor collectors. These roads are collectively referred to as federal-aid roads (or highways). The exception to the functional classification criteria is that bridge, safety, carpool related, and bicycle/pedestrian projects may be located on any road. TEA-21 allows a portion of the STP funds for rural areas to be used on rural minor collectors (see Chapter 4, *Surface Transportation Program (STP)*, in this manual).

The CMAQ program provides a flexible funding source for transportation projects and programs that help meet the requirements of the Clean Air Act. Eligible activities include transit improvements, travel demand management strategies, traffic flow improvements, and fleet conversions to cleaner fuels, among others. Funding is available for areas that do not meet the National Ambient Air Quality Standards (nonattainment area), as well as former nonattainment areas that are now in compliance (maintenance areas) (see Chapter 5, *Congestion Mitigation and Air Quality (CMAQ)*, in this manual).

Other funding categories for local assistance projects are described below.

The Highway Bridge Replacement and Rehabilitation (HBRR) program provides federal funds for bridgework on and off federal-aid highways. The purpose of this program is to help fund major reconstruction and replacement bridge projects (see Chapter 6, *Highway Bridge Replacement and Rehabilitation (HBRR)*, in this manual).

Ten percent of the STP apportionment authorized by TEA-21 is reserved for Safety Programs: Hazard Elimination Safety (HES) (see Chapter 9, *Hazardous Elimination Safety (HES)*, and Chapter 24, *Safe Routes to School Program*, in this manual).

Another ten percent of the STP apportionment is reserved for Transportation Enhancements (TE). This reservation is used for projects directly related to surface transportation that are over and above normal and mitigation work, and are within the twelve categories in federal statute (see Chapter 8, *Transportation Enhancements (TE)*, in this manual).

Emergency Relief funds are used for the reconstruction of roads, streets, and bridges on federal-aid highways that are damaged by floods, earthquakes, hurricanes or other catastrophes. These funds become available when the damage is extensive and an emergency is formally declared by the Governor and approved by the Federal Highway Administration (FHWA) (see Chapter 11, *Disaster Assistance*, in this manual).

Minor federal programs, including the Public Lands Highways, Scenic Byways, Defense Access Roads, High Priority Projects (name changed under TEA-21 from Demonstration projects) and Discretionary Bridge programs are discussed in Chapter 12, *Other Federal Programs*, in this manual.

1.5 STATE PROGRAMS

SB 45 terminated three state funded local assistance programs:

- State & Local Transportation Partnership Program (SLTPP or Partnership Program)
- Flexible Congestion Relief (FCR)
- Traffic System Management Program (TSM)

State funds that were available for local agencies under SLTPP, FCR and TSM are now available for local agencies under the STIP program. Also, old state STIP funds and new TEA-21 funds allocated to the state are available for local agencies. Locally sponsored transportation projects receiving STIP funding may receive either state funds, or federal funds with a state funded match.

Article XIX of the California Constitution permits the use of state revenues in the SHA only for state highways, local roads and fixed guideway facilities. This means, for example, that rail rolling stock and buses may be funded only from the federal revenues in the SHA. For such projects, the non-federal match will have to be provided from a non-STIP source (see Chapter 23, *Local Agency STIP Projects*, in this manual).

Other state programs available for locally sponsored transportation projects include:

- Environmental Enhancement and Mitigation Program
- Bicycle Transportation Account

The Optional Exchange program provides for qualifying RTPAs and counties to exchange their annual apportionment of Regional Surface Transportation Program (RSTP) funds and regional TE funds for state cash. The State Match program provides state funds to match federal RSTP funds. Exchange and Match funds are not tied to federal requirements, but instead must comply with Article XIX of the State Constitution (see Chapter 8, *Transportation Enhancements* and Chapter 18, *Optional Federal Exchange and State Match Programs*, in this manual).

The Grade Separation Program provides state funds for the: 1) construction, reconstruction and alteration of grade separations to eliminate proposed or existing grade crossings, and 2) the removal or relocation of highways or railroad tracks to eliminate grade crossings (see Chapter 19, *Grade Separation*, in this manual).

The Environmental Enhancement and Mitigation (EEM) program provides state funds for the transportation project to mitigate the environmental impacts of new or modified public transportation projects above and beyond that required by the environmental document (see Chapter 20, *Environmental Enhancement and Mitigation (EEM)*, in this manual).

The Bicycle Transportation Account (BTA) provides funds to cities and counties for projects that improve safety and convenience for bicycle commuters (see Chapter 21, *Bicycle Transportation Account*, in this manual).

The Safe Routes to Schools (SR2S) program provides funds to local governmental agencies based on the results of a statewide competition that requires submission of proposals for funding and rates those proposals on all of the following factors:

1. Demonstrated needs of the applicant.
2. Potential of the proposal for reducing child injuries and fatalities.
3. Potential of the proposal for encouraging increased walking and bicycling among students.
4. Identification of safety hazards.

5. Identification of current and potential walking and bicycling routes to school.
6. Consultation and support for projects by school-based associations, local traffic engineers, local elected officials, law enforcement agencies, and school officials."

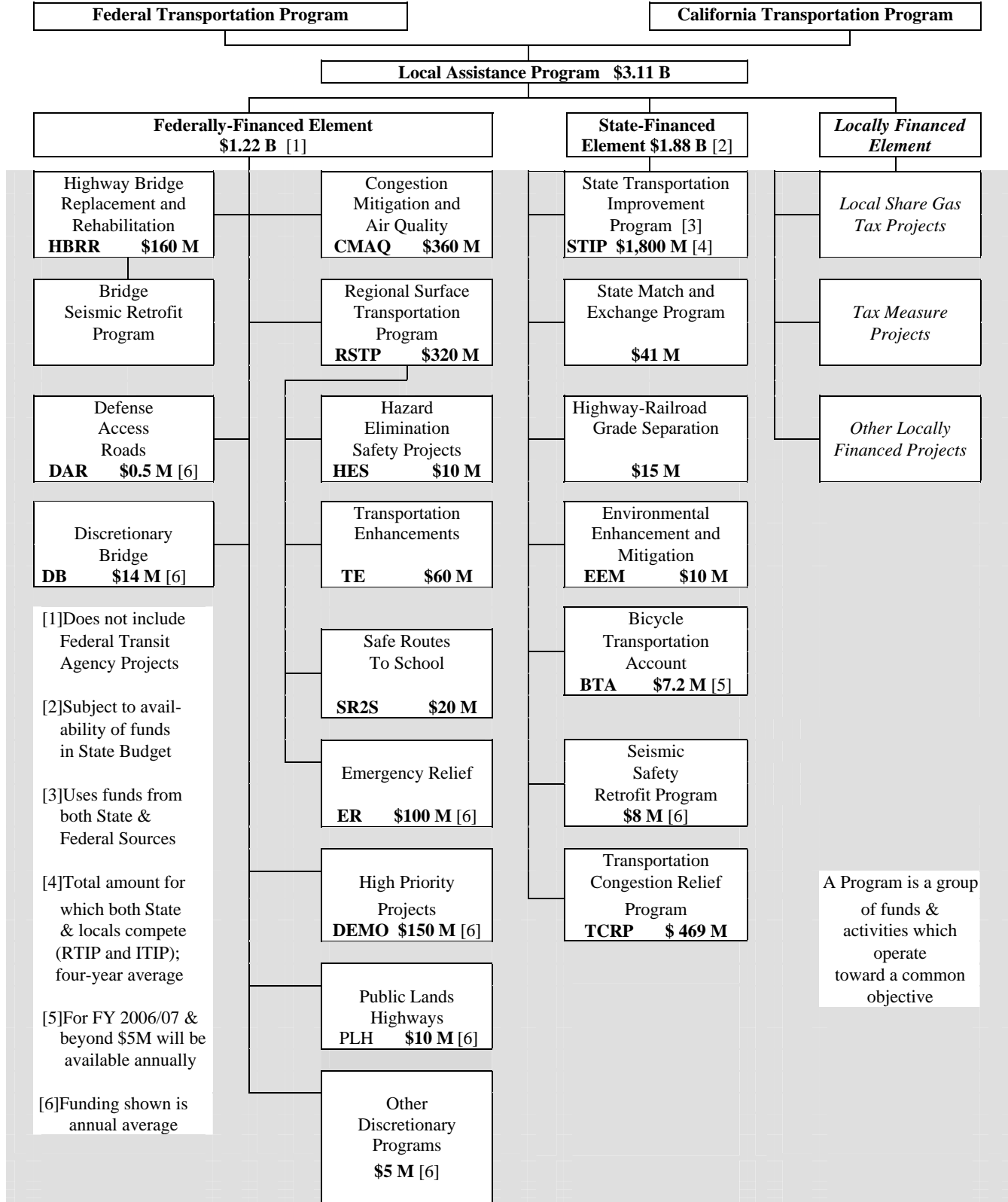
(See Chapter 24, *Safe Routes to School Program*, of this manual.)

For further information about both federal and state programs contact the District Local Assistance Engineer (DLAE) for your area shown in Exhibit 1-D *Caltrans District Local Assistance Offices*.

1.6 REFERENCES

- "A Summary – *Transportation Equity Act for the 21st Century*" Publication No. FHWA-PL-98-038, HPP-20/8-98(15M)E.
- California Transportation Commission – "1998 *STIP Interim Guidelines*," Amended (September 29, 1999) CTC Resolution G-99-03
- "Statutes Relating to the Programming and Funding of Transportation Projects," 1999, State of California, Department of Transportation, Division of Transportation Programming

EXHIBIT 1-A STATE & FEDERAL PROGRAMS AVAILABLE FOR LOCAL TRANSPORTATION PROJECTS



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EXHIBIT 1-B LOCAL ASSISTANCE PROGRAMS

Chapter	Program	Eligible Uses of Funds
4	Surface Transportation Program (STP)	Broad variety of transit and highway (includes streets and roads) projects
5	Congestion Mitigation and Air Quality (CMAQ)	Projects which contribute towards attainment of Clean Air Act requirements
6	Highway Bridge Replacement & Rehabilitation (HBRR)	Bridge replacement, rehabilitation, painting, and bridge rail replacement
7	Seismic Safety Retrofit	Remedy structural seismic design deficiencies of public bridges
8	Transportation Enhancements TE)	Projects that enhance quality-of-life, in or around transportation facilities
9	Hazard Elimination Safety (HES)	Safety improvement projects on all public roadways
10	Traffic Congestion Relief Plan (TCRP)	Projects that relieve congestion, provide for the safe and efficient movement of goods, and provide inter-modal connectivity of transportation systems throughout California
11	Disaster Assistance (Emergency Relief)	Repair and restoration of damaged transportation facilities after a disaster
12.1	Demonstration Program	Projects initiated by Congress at the request of constituents
12.2	Public Lands Highways (PLH)	Projects that are within, adjacent to, or provide access to public land
12.3	Scenic Byways	Planning and enhancement funds provided for scenic byways
12.4	Discretionary Bridge	Program on hold - recommend using HBRR funds
12.5	Defense Access Roads (DAR)	Federal government program to mitigate defense installations and activities
12.6	Intelligent Transportation Systems	Federal-aid Intelligent Transportation Systems
14	Optional Federal Exchange and State Match Programs	Exchanging local STP & TEA funds for state \$ & providing state \$ to locals
15	Grade Separation	Eliminating highway-rail crossing at grade with a grade separation
16	Environmental Enhancement and Mitigation (EEM)	Mitigate the environmental impacts of new or modified transportation facilities
17	Bicycle Transportation Account (BTA)	For bikeways and related facilities, planning, safety and education
23	State Transportation Improvement Program (STIP)	Any transportation project that is approved by the RTPAs/MPOs and accepted by the CTC
24	Safe Routes to School (SR2S)	Pedestrian/bicycle school safety projects on all roadways

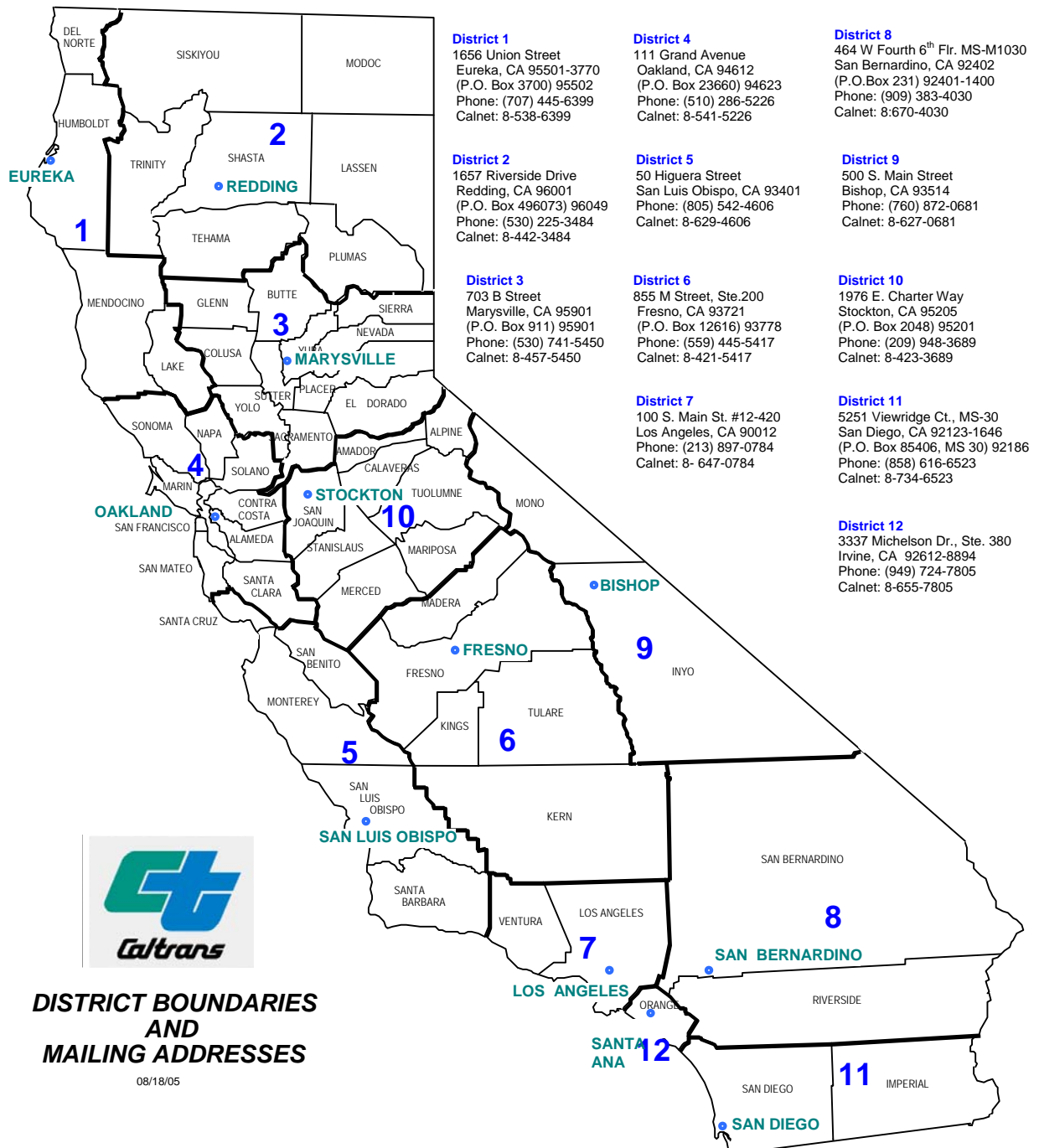
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CALIFORNIA
Metropolitan Planning Organizations(MPOs)
and
Regional Transportation Planning Agencies (RTPAs)



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EXHIBIT 1-D DISTRICT LOCAL ASSISTANCE OFFICES



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CHAPTER 11 DISASTER ASSISTANCE

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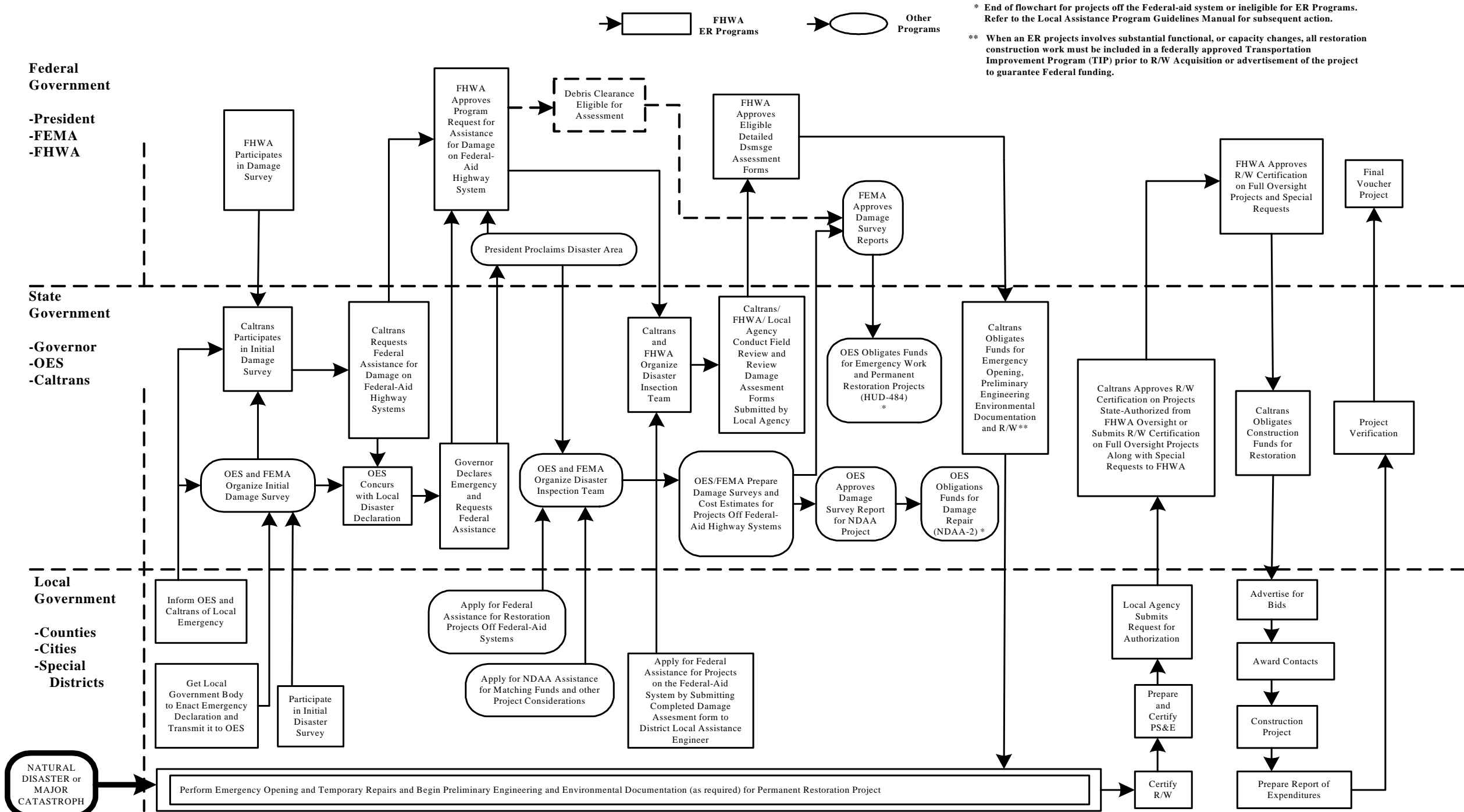
FLOW CHART

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EMERGENCY RELIEF PROGRAM



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CHAPTER 11 DISASTER ASSISTANCE

11.1 INTRODUCTION

The primary public agency responsible for coordinating disaster assistance is the State Office of Emergency Services (OES). OES, in turn, depends upon various state agencies to furnish detailed disaster information within each Agency's area of expertise. A Governor's Executive Order requires the state agencies to respond to OES' request for assistance by providing engineering personnel, furnishing damage estimates, and/or other services to lessen the effects of a declared disaster. Caltrans is one of three primary state agencies that OES relies upon for disaster services.

Three separate disaster assistance programs provide financial aid to Local Governmental Agencies to reconstruct disaster-damaged transportation facilities. They are discussed below. A local agency must declare itself in a "State of Local Emergency" within ten (10) calendar days of the actual disaster occurrence. Failure to declare a local emergency within the 10-day calendar period may jeopardize the local agency's opportunity of obtaining financial assistance under the various disaster programs.

- **Emergency Relief (ER)** Title 23, Code of Federal Regulations (CFR),
- Section 125 - Federal Highway Administration (FHWA)

This Federal Highway Administration (FHWA) program provides disaster assistance to local agencies for repair and reconstruction of damaged transportation facilities located on federal-aid highways or bridges (i.e. all functionally classified roads except as local roads or rural minor collectors). This program requires a Governor's Proclamation of Emergency and a subsequent request for *disaster* assistance to the federal government. The FHWA administrator must concur with the state's request for emergency relief assistance. Eligibility determinations can begin when the FHWA Administrator concurs with the state's request.

- **Robert T. Stafford Disaster Relief and Emergency Assistance Act**- Federal Emergency Management Agency (FEMA)

Public Law 100-797, the "Robert T. Stafford Disaster Relief and Emergency Assistance Act", provides emergency funds for damage to public transportation facilities not on a federal-aid highway when such damage occurs during a declared disaster. The President activates the program with a Proclamation that a major disaster has occurred over a specific geographical area of the United States.

- **California Natural Disaster Assistance Act (NDAA)** - California State Office of Emergency Services (OES)

NDAA is a state-funded program to provide state financial assistance to local agencies affected by a natural disaster. The Act may also provide local agencies with assistance toward meeting the federal matching share requirement when federal disaster programs are authorized. State agencies are not eligible for assistance under NDAA. OES administers all provisions of the Act, and may request that Caltrans and other state agencies provide engineering personnel and services to assist it in implementing the Act. Biennially, OES initiates an Inter-Agency Agreement with Caltrans to provide OES with engineering personnel and services.

11.2 INITIAL DEPARTMENTAL ACTIONS

Each District Local Assistance Emergency Relief Engineer should immediately contact affected local agencies after each serious disaster event for information regarding damaged facilities. This information is needed by OES to determine if sufficient damage has occurred to warrant requesting participation of Federal Disaster Agencies. OES, FEMA, and the FHWA immediately dispatch one or more Preliminary Damage Assessment (PDA) teams to determine, based upon available information, if a Governor's Proclamation of a State of Emergency and a subsequent Presidential Disaster Area Declaration are warranted.

The District Local Assistance Emergency Relief Engineer should also secure, by telephone, preliminary estimates of damage to transportation facilities (roads, streets, and bridges) in each affected local agency jurisdiction. The results of the District's telephone survey should be segregated by county and faxed immediately to the Caltrans Division of Local Assistance (DLA, Attention: Emergency Relief Program Manager. (The Local Programs Emergency Relief Program Manager is responsible for coordinating interaction with Caltrans' Federal Resources Office and Maintenance Program Manager.) The faxed information should indicate the estimated cost to repair all damage within each affected county. This estimate should identify the damage (emergency opening [EO] and /or permanent restoration [PR]) for each city or other special districts within the county. Separate estimates are to be made for the damage on federal-aid and non-federal-aid public roads (since the type(s) of facility determines the disaster assistance program(s) available to the local agency). Refer to Caltrans Transportation Planning website for functional classification maps at:

<http://www.dot.ca.gov/hq/tsip/TSIPGSC/library/libdatalist.htm#roadbase>

The federal-aid highways damaged must be further segregated into two categories:

- Federal-aid Highway damage, Emergency Relief projects (ER), and/or
- Damage to forest highways and development roads, park roads, and Indian Reservation roads, Emergency Relief Federal-Owned (ERFO).

The District's damage estimate, which is faxed to DLA, may also include a summary of state highway damage located within each county.

All initial reports of damage to state highways and local roads (on-system and off-system, see Chapter 3 *Federal-aid Routes*, of the *Local Assistance Program Guidelines* [LAPG]) are made available to OES. OES has the responsibility for reporting the total estimated cost to mitigate the effects of a disaster to the Governor.

Emergency Relief reimbursement eligibility for work that has not progressed to the construction stage by the end of the “second fiscal year” following the “federal fiscal year” of the disaster may be terminated. Local agency costs incurred and reimbursed (preliminary engineering, right of way, etc.) for terminated projects must be refunded to the federal government. In cases where this deadline is not met, the local agency may request a time extension through their DLAE, with proper justification. DLAE will process the request and forward it to FHWA for approval/disapproval.

Caltrans will process necessary project documents on an expedited basis to permit prompt reimbursement of local agency funds.

SEQUENCE OF ER ACTIONS TO BE PERFORMED

The following checklist indicates the sequence that ER actions are performed, and the related documents submitted to the DLA for review and transmitted to FHWA. **Note:** See flow chart at the beginning of this chapter.

1. The **local agency performs and prepares records of emergency opening (EO) repairs** to minimize the extent of damage, protect remaining facilities, and restore essential travel.
2. The **local agency identifies damaged locations**, that are federal-aid highways, work performed and the associated cost for EO repairs to date for each location, and prepares a listing.

Note: See Section 2.3, *State-Authorized Projects*, and 2.4, *Stewardship-Letters of Agreement*, in the LAPM for Stewardship-FHWA Oversight project classification.

3. The **local agency** coordinates with Caltrans DLAE to **arrange for the federal/state review team**. The local agency provides personnel familiar with the locations and history of work performed to date. The local agency representative is expected to be an active team member.
4. **Federal/State/local agency** team reviews sites and **prepares Damage Assessment Form (DAF) for EO and/or PR as applicable**. **Note: All PR work follows regular federal-aid procedures.**
5. The **local agency completes** any identified remaining **emergency opening work and submits Request for Authorization** (see Chapter 3 *Project Authorization*, in the LAPM) to Caltrans - DLAE.
6. **Caltrans prepares and submits Program of Proposed ER Projects** to FHWA for approval.
7. **Caltrans submits either an Authorization to Proceed (E-76) (for State-Authorized projects), or a Request for Authorization to Proceed (for Full Oversight projects), and a Detail Estimate for EO work for each project site** to FHWA and receives funding approval.
8. **Caltrans sends the local agency a Program Supplemental Agreement for each project site.**

**Additional steps
for projects with
Permanent
Restoration.**

9. **Local agency executes Program Supplemental Agreement** and sends it back to Caltrans - DLA. Local agency submits invoices for work completed.
10. Local agency completes Final Inspection Form (FIF) and submits to Caltrans. Caltrans then verifies project completion.
11. The **local agency develops PS&E for** any identified **permanent restoration work**. This action should be coordinated with Caltrans where complex designs are utilized; consultant services are desired; the estimated cost exceeds the DAF estimate; or the local agency desires a different repair strategy from that written in the DAF report.
12. The **local agency submits PS&E Certification** (see Chap 12, *Plans, Specifications & Estimate*, in the LAPM), **R/W Certification to Caltrans and Request for Authorization** for identified items of permanent restoration work. **National Highway System (NHS) projects require submittal of the full PS&E and R/W Certification to Caltrans - DLAE.**
13. **Caltrans:**
 - **DLAE approves PS&E on NHS projects**
 - **DLA submits Request for Authorization** to the FHWA;
Receives FHWA's Authorization to Proceed; and
 - **DLAE sends copy of Authorization to Proceed to local agency.** (Note that any restoration work proposed to be performed by the local agency, will be based on a finding of cost-effectiveness established on information provided by the local agency.)
 - **DLA sends Program Supplemental Agreement to local agency.**
14. The **local agency advertises project** and open bids (see Chap 15, *Advertise and Award Project* in the LAPM).
15. **Local Agency executes Program Supplemental Agreement** and returns it to Caltrans - DLA.
16. The **local agency awards contract, submits Contract Award Checklist to DLAE**, proceeds with construction contract and submits invoices.
17. Upon completion of projects, local agency completes Final Inspection Form (FIF) and submits to Caltrans. Caltrans then verifies project completion. See Chapter 17 *Project Completion*, in the LAPM for complete details on final inspections.
18. The **local agency prepares final billing** and submits it to Caltrans.

REIMBURSEMENT PROVISIONS

The State share of a total project application cannot exceed 75 percent of total eligible cost. No allocation for any project application shall result in a State share of less than \$2,500.00. An NDAA applicant may request an advance of funds to initiate reconstruction of damaged facilities. The amount of cash advance is limited to a 90 percent portion of the total project application cost. The amount of advance is further restricted to bills in hand and estimated expenditures for the next 90-day period.

TIME LIMITATIONS FOR WORK COMPLETION

Authorized work performed under NDAA must be completed within the time limits shown below:

Type	Time Limits
Debris clearance	6 months
Emergency work	6 months
Permanent work	18 months

The time limits are established from the date of Local Declaration and apply to all projects. A local agency may request a time extension, supported by an adequate justification, when it is apparent a project cannot be completed within the prescribed time limits. OES will assess the merit of the request and notify the local agency of its determination.

Applicants receiving Federal Disaster Assistance funds are expected to comply with Federal regulations that establish definite time limits based upon the approval date of the President's Declaration of Disaster or program approval by FHWA.

FINAL CLAIM, INSPECTION AND AUDIT

A local agency, after completing all approved work items, must file a Final Claim with OES. The Claim, accompanied by necessary supporting documentation, NDAA Form-4, Project Summary (Exhibit 11-F) should be submitted within 60 days of completion of all eligible work items.

The local agency should include all eligible item costs in its Final Claim submittal, even if the total amount expended may exceed the amount approved by OES. It may be possible to substitute other claimed and eligible costs in the event of an audit disallowance, up to the maximum amount of the approved application. Substantial cost overruns in excess of the approved application amount should be submitted to OES for approval prior to filing a final claim.

All work items and related costs included in the Applicant's claim are subject to a final review and inspection by the State. A State Agency, assigned by OES, will perform an on-site review of all completed work items. Reviewing inspectors shall have access to all original source documentation at the time of final inspection. All supporting claim documentation must be available for review at a single specific location. Reviewing inspectors will summarize their inspection findings for each application line item on NDAA Form-6 (Exhibit 11-G). Final claims resulting in payment of State Disaster funds in excess of \$50,000 will be subject to a State Field Audit. The State reserves the right to audit any claim up to three years following the date of the project closure.

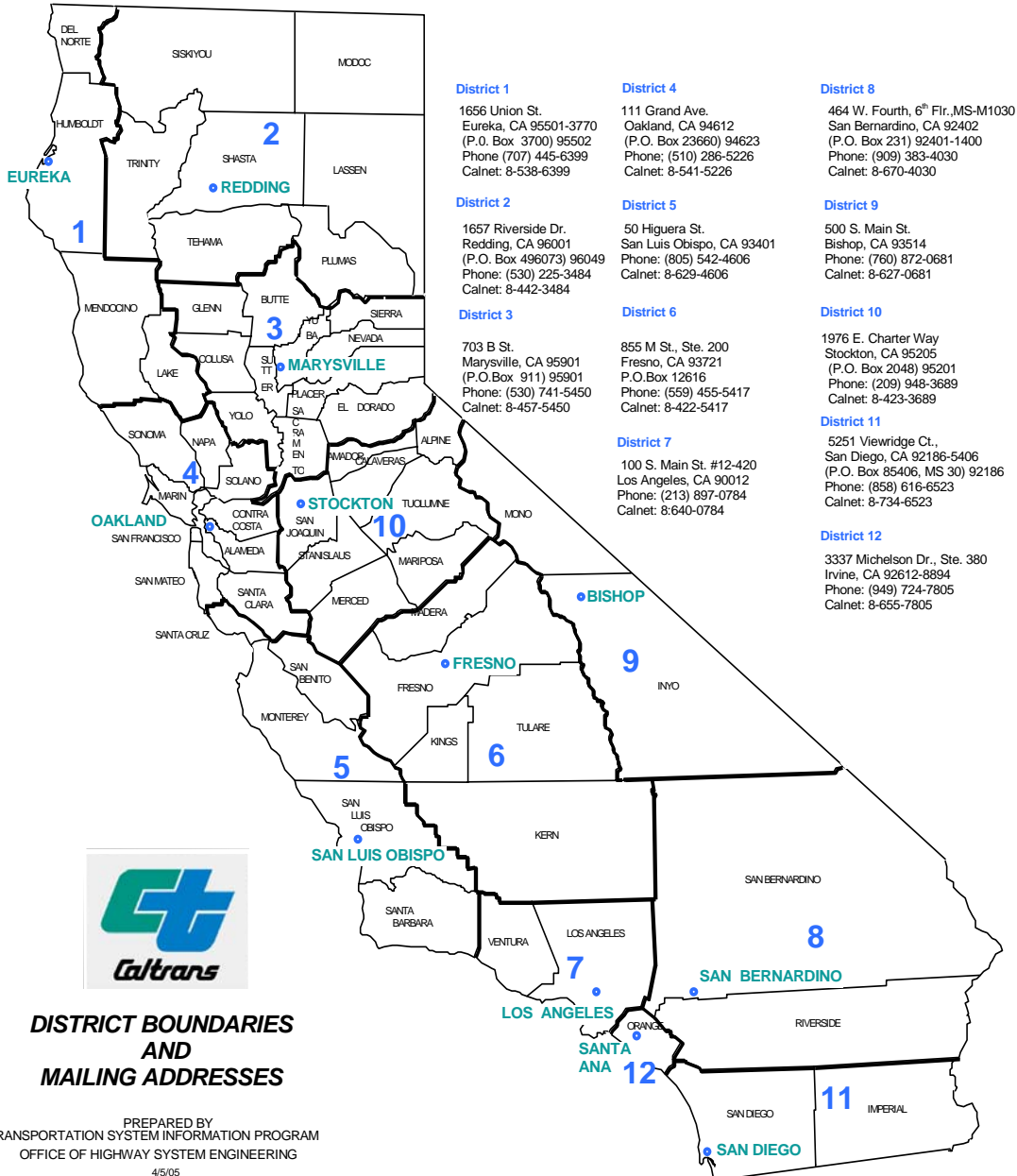
CONTACTS

If you have any question or need assistance with your emergency relief project Exhibit 11-H, *Caltrans District Local Assistance Offices*, lists the phone number of the Caltrans District Local Assistance Emergency Relief Engineer.

REFERENCES

OES - Natural Disaster Assistance Act as Amended, 1988
Major Damage Restoration Coordinators Handbook - 1993 - Caltrans Division of Maintenance
Emergency Management Handbook - 1990 - Caltrans Division of Maintenance

CALTRANS DISTRICT LOCAL ASSISTANCE OFFICES

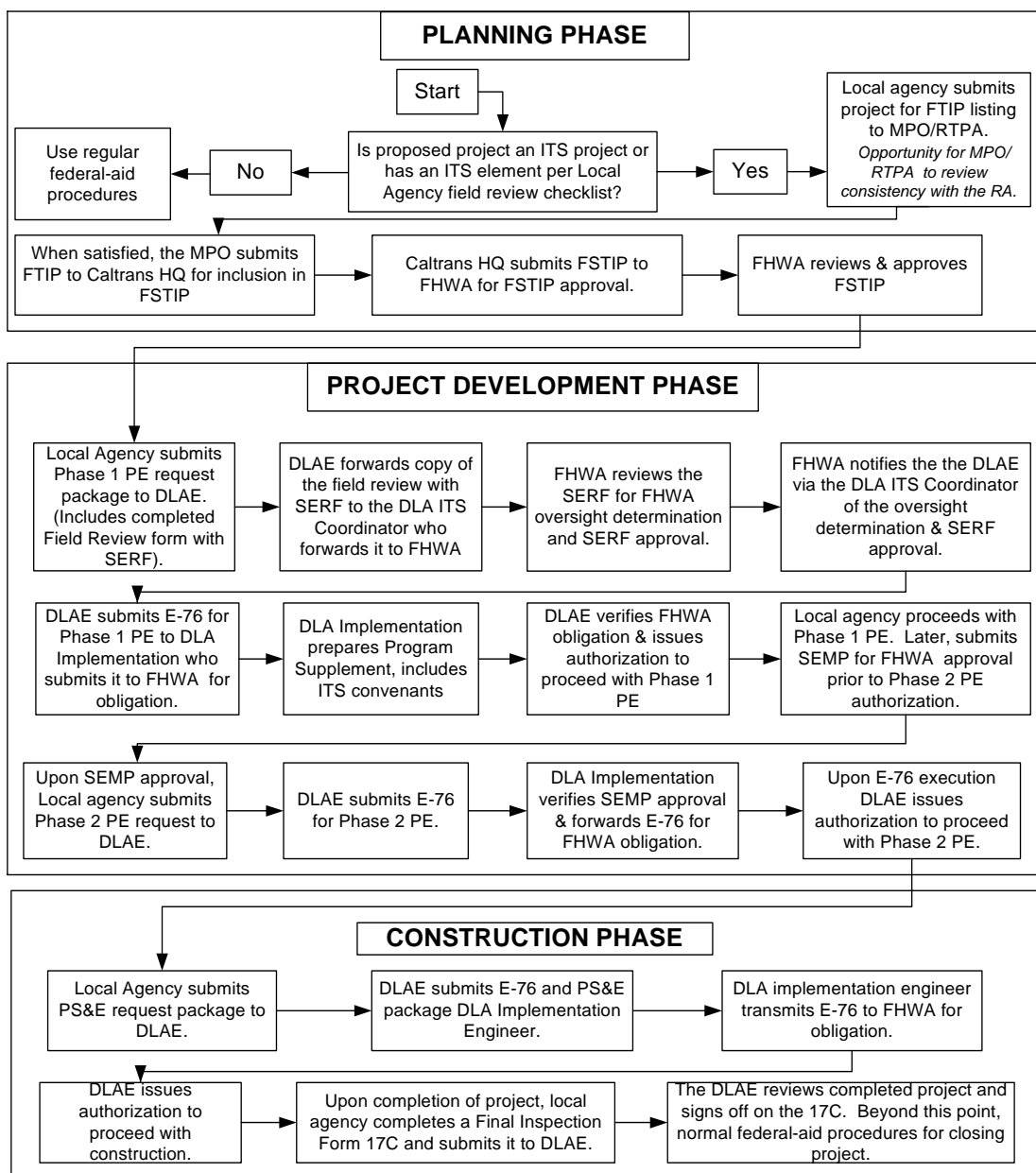
STATE OF CALIFORNIA
Business Transportation and Housing Agency
Department of Transportation

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Exhibit 12-D1

MAJOR ITS PROJECTS

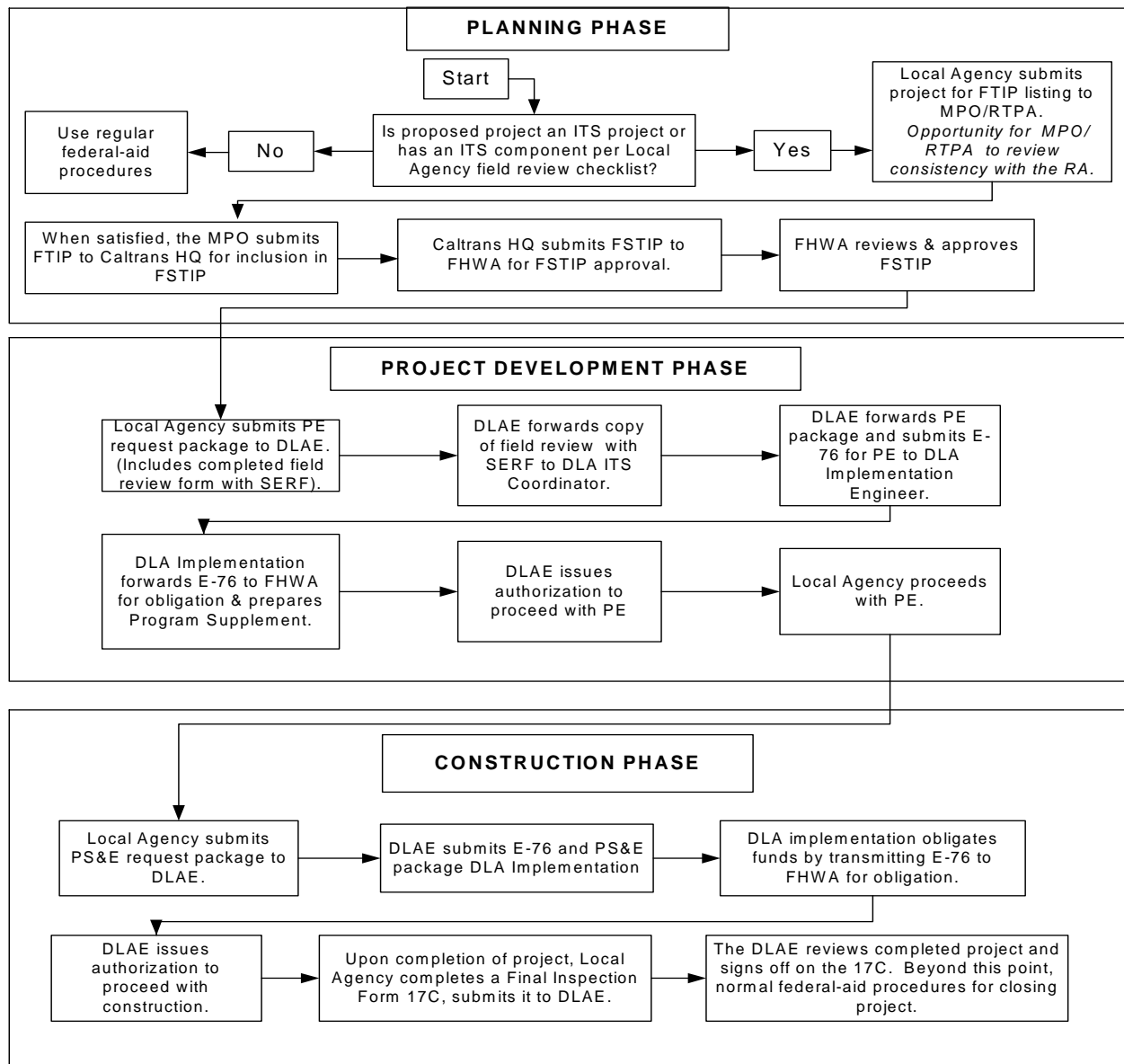
(FHWA Full Oversight Projects)

**Note:**

- This flow chart process does not apply to the earmarked ITS Deployment Projects (QT80 projects).
- This 2-phased PE procedure requires FHWA review of the SERF and approval of the SEMP.
- FHWA Full Oversight for PE phases on all major ITS projects.
- FHWA Full Oversight for E-76 purposes.
- For simplicity, the right of way phase is not shown in this chart. If right of way is involved, refer to Chapter 13, "Right of Way," of the LAPM for information and procedures.
- For FHWA list of criteria for full oversight projects, refer to Section 2.4 for Chapter 2 of the LAPM

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Exhibit 12-D2 MINOR ITS PROJECTS (State-Authorized Projects)

**Note:**

- This flow chart process does not apply to the earmarked ITS Deployment Projects (QT80 projects).
- Minor ITS projects will follow the above traditional single phased PE procedures.
- No FHWA oversight for procedure shown on this flowchart (SERF review and SEMP approval not required).
- State-Authorized for E-76.
- For simplicity, the right of way phase is not shown in this chart. If right of way is involved, refer to Chapter 13, "Right of Way," of the LAPM for information and procedures.

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Caltrans District Local Assistance Offices

District 1

1656 Union St.
Eureka, CA 95501-3770
(P.O. Box 3700) 95502
Phone (707) 445-6399
Calnet: 8-538-66399

District 2

1657 Riverside Drive
Redding, CA 96001
(P.O. Box 496073) 96049
Phone: (530) 225-3484
Calnet: 8-442-3484

District 3

703 "B" St.
Marysville, CA 95901
(P.O.Box 911) 95901
Phone: (530) 741-5450
Calnet: 8-457-5450

District 4

111 Grand Ave.
Oakland, CA 94612
(P.O. Box 23660) 94623
Phone; (510) 286-5226
Calnet: 8-541-5226

District 5

50 Higuera St.
San Luis Obispo, CA 93401
Phone: (805) 542-4606
Calnet: 8-629-4606

District 6

855 M St., Ste. 200
Fresno, CA 93721
(P.O.Box 12616) 93778
Phone: (949) 724-2899
Calnet: 8-421-5417

District 7

100 S. Main St. #12-420.
Los Angeles, CA 90012
Phone: (213) 897-0784
Calnet: 8:647- 0784

District 8

464 W. Fourth, 6th Flr., MS-M1030
San Bernardino, CA 92402
(P.O. Box 231) 92401-1400
Phone: (909) 383-4030
Calnet: 8-670-4030

District 9

500 S. Main St.
Bishop, CA 93514
Phone: (760) 872-0681
Calnet: 8-627-0681

District 10

1976 E. Charter Way
Stockton, CA 95205
(P.O. Box 2048) 95201
Phone: (209) 948-3689
Calnet: 8-423-3689

District 11

5251 Viewridge Ct.
San Diego, CA 92123-1646-
(P.O. Box 85406, MS 30) 92186
Phone: (858) 616-6523
Calnet: 8-734-6523

District 12

3337 Michelson Dr., Ste. 380
Irvine, CA 92612-8894
Phone: (949) 724-7805
Calnet: 8-655-7805

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